PRIVATE ECONOMIC DIPLOMACY IN AUSTRALIA-JAPAN RELATIONS: THE ROLE OF BUSINESS COOPERATION COMMITTEES

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A thesis submitted for the degree of Doctor of Philosophy at the Australian National University

August 1969
STATEMENT

I hereby declare that this thesis has not already been accepted in substance for any degree, and is the result of my own independent research.

Mayumi Kamada
ACKNOWLEDGEMENTS

Many people have lent their assistance and encouragement throughout the course of my research.

My principal debts of gratitude are to my supervisors, Professor Peter Drysdale and Dr Aurelia George. Their advice and support at all stages of my PhD studies was invaluable.

I also wish to acknowledge the great assistance given by staff members of Keidanren, Nissho, CAI and other business organisations as well as a number of businessmen, who arranged and participated in interviews. These interviews formed a valuable basis for my work.

I would also like to express my thanks to staff at the Melbourne University Archives and Archives of Business Labour, the Australian National University. Their assistance made my research more efficient and fruitful.

PhD students, visitors and academic staff associated with the Australia-Japan Research Centre have provided me with many opportunities to discuss aspects of this study. In this regard, Mr Tadashi Saito deserves special mention. As a staff member of Keidanren, Mr Saito's comments on Japan's private economic diplomacy were most useful.

My thanks also go to Mr Neil McFarren for editorial help.

(iii)
ABSTRACT

The thesis examines the functions of the Australia-Japan Business Cooperation Committee (AJBCC) and the Japan-Australia Business Cooperation Committee (JABCC) in the context of mechanisms used by the business communities in both countries to expand communication with foreign countries. It also evaluates the role of the committees in the development of Australia-Japan relations.

The concept of private economic diplomacy is used to explain how the significance of each committee in its own domestic environment reflected the importance of the other country as a trading partner. How each committee functioned as an instrument of private economic diplomacy was influenced by the structure of business representation in each country. In particular, the characteristics of the individuals who took the initiative in establishing the committees and the peak business organisations that provided administrative backup for the committees tended to determine the limits of committee activities.

The two committees made different inputs into their own business communities. The AJBCC made an important impact on the development of Australia's private economic diplomacy by introducing the concept of an organised, cross-sectoral approach to foreign countries. Many similar committees with other countries were later established modelled on the AJBCC. Involvement of these
committees in Australia's foreign policy formulation and implementation, however, was limited, mainly because of the service-orientated nature of their umbrella organisations. The AJBCC established more formalised operations and contacts with its own government than the JABCC.

The inauguration of the JABCC was significant step in the evolution of Japan's private economic diplomacy, because it represented the establishment of a permanent channel of communication with a foreign country. Throughout its history, the JABCC continued to raise issues at joint meetings with the AJBCC, which strongly reflected the basic goals of Japan's private economic diplomacy at the time. The domestic impact of the JABCC, however, was relatively minor. Compared with other business cooperation committees in Japan, less emphasis was given to domestic political functions in the operation of the JABCC.

Both committees' activities centred on holding joint meetings, which provided a legitimate communication channel between the two countries and important opportunities for business leaders to extend their personal contacts. The two committees also acted as a medium of communication between the Australian and Japanese governments. As time went by, this channel became relatively less significant.
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<tr>
<td>ACBCC</td>
<td>Australia-China Business Cooperation Committee</td>
</tr>
<tr>
<td>ACC</td>
<td>Australian Chamber of Commerce</td>
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<td>ACCA</td>
<td>Associated Chambers of Commerce of Australia</td>
</tr>
<tr>
<td>ACEF</td>
<td>Australian Council of Employers' Federations</td>
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<td>ACMA</td>
<td>Associated Chambers of Manufactures of Australia</td>
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<td>ACM</td>
<td>Australian Chamber of Manufactures</td>
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<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
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<td>AFAR</td>
<td>Australian Foreign Affairs Record</td>
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<td>AGPS</td>
<td>Australian Government Publishing Service</td>
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<tr>
<td>AIBCC</td>
<td>Australia-Indonesia Business Cooperation Committee</td>
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<td>AICC</td>
<td>Australia-Indonesia Chamber of Commerce</td>
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<td>AIDA</td>
<td>Australian Industries Development Association</td>
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<td>AJBCC</td>
<td>Australia-Japan Business Cooperation Committee</td>
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<td>AJBF</td>
<td>Australia-Japan Business Forum</td>
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<td>AKBCC</td>
<td>Australia-Korea Business Cooperation Committee</td>
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<td>AMCC</td>
<td>Australia-Malaysia Chamber of Commerce</td>
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<tr>
<td>APBCC</td>
<td>Australia-Philippines Business Cooperation Committee</td>
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<tr>
<td>ASEAN/ABC</td>
<td>ASEAN/Australia Business Council</td>
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<tr>
<td>ASEANCCI</td>
<td>ASEAN Chamber of Commerce and Industry</td>
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<tr>
<td>BHS</td>
<td>Broken Hill South</td>
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<tr>
<td>CACCI</td>
<td>Confederation of Asian Chambers of Commerce and Industry</td>
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<td>CAI</td>
<td>Confederation of Australian Industry</td>
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<tr>
<td>CCRJ</td>
<td>Consultative Committee on Relations with Japan</td>
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<td>DAC</td>
<td>Development Assistance Committee of the OECD</td>
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<td>Acronym</td>
<td>Full Name</td>
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<tr>
<td>Doyukai</td>
<td>Keizai Doyukai [Japan Committee for Economic Development]</td>
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<td>IDCJ</td>
<td>Interdepartmental Committee on Japan</td>
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<td>JABCC</td>
<td>Japan-Australia Business Cooperation Committee</td>
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<tr>
<td>JABF</td>
<td>Japan-Australia Business Forum</td>
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<tr>
<td>JCCIS</td>
<td>Japan Chamber of Commerce and Industry, Sydney</td>
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<td>JETRO</td>
<td>Japan External Trade Organization</td>
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<td>Keidanren</td>
<td>Keizai Dantai Rengokai [Japan Federation of Economic Organizations]</td>
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<tr>
<td>MITI</td>
<td>Ministry of International Trade and Industry (Japan)</td>
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<td>MTIA</td>
<td>Metal Traders Industry Association</td>
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<td>MAFTA</td>
<td>New Zealand-Australia Free Trade Agreement</td>
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<tr>
<td>Nikkeiren</td>
<td>Nihon Keieisha Renmei [Japan Federation of Employers' Associations]</td>
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<tr>
<td>Nissho</td>
<td>Nihon Shoko Kaigisho [Japan Chamber of Commerce and Industry]</td>
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<td>NZMF</td>
<td>New Zealand Manufacturers' Federation</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>PBEC</td>
<td>Pacific Basin Economic Council</td>
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<td>PECC</td>
<td>Pacific Economic Cooperation Conference</td>
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<tr>
<td>Sotobo</td>
<td>Soren To-o Boekikai [Japan Association for Trade with Soviet Union and Socialist Countries of Europe]</td>
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<td>WMC</td>
<td>Western Mining Corporation</td>
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INTRODUCTION: THE SIGNIFICANCE OF BUSINESS COOPERATION COMMITTEES IN AUSTRALIA-JAPAN RELATIONS

The inauguration of the Australia-Japan Business Cooperation Committee (AJBCC) in 1962 and the Japan-Australia Business Cooperation Committee (JABCC) in 1963 represented a commitment by the Australian and Japanese business communities to providing an organisational framework for expanding the economic relationship between their two countries. This thesis attempts a comprehensive and detailed analysis of both committees, evaluating their importance in the development of the Australia-Japan relationship, and assessing their significance as mechanisms for the conduct of bilateral economic relations. The committees are analysed from a number of different perspectives: how they functioned as instruments of private economic diplomacy, as interest groups, as private business organisations, and as channels of communication between the Australian and Japanese business sectors. Each of these aspects of committee activity is examined, assessing the extent of their roles in each case, and locating the committees in the range of mechanisms employed by the business communities in both countries to expand communication with their counterparts in foreign countries.
Establishment of the Australian and Japanese committees

The basic steps for re-establishing commercial relations between Australia and Japan had already been taken by the Japanese and Australian governments prior to the inauguration of the AJBCC and the JABCC. These steps had centred on negotiations leading to the Australia-Japan Commerce Agreement in 1957 and its revision in 1963. Nevertheless, after the Agreement was signed, progress in advancing closer economic relations between the two countries was left to each country's private sector. Establishment of the two committees facilitated this process by providing a formal channel of communication between the Australian and Japanese business communities.

The secretariat of the AJBCC was located in ACMA (Associated Chambers of Manufactures of Australia) and the JABCC in Nissho (Nihon Shoko Kaigisho -- Japan Chamber of Commerce and Industry). In May 1963, the first joint meeting between the AJBCC and the JABCC was held in Tokyo. Since then the two committees have held joint meetings every year.

In his opening address at the first joint meeting, a JABCC leader remarked that:

Promotion of person-to-person interchange is most important in deepening mutual understanding. This meeting is significant in this sense.¹

¹. 'Opening address' by Mr Adachi, 1st joint meeting between the JABCC and the AJBCC in 1963.
The Australian side also recognised the importance of opening up channels of communication between the private sectors of both countries, although the AJBCC leaders regarded these channels as supplementary to government-to-government contacts. The leader of the Australian delegates announced that:

> The pursuit of these aims and objectives [to foster friendship and understanding between the business communities of the two countries and to promote trade, economic co-operation and tourism between them] will, I think, produce results earnestly sought by our two Governments. And so, our Committee, working in the national interest of both countries can, and I believe will, become an important supplement to the work of Government in securing the future of both countries.  

The AJBCC and the JABCC thus became important vehicles for familiarising the Australian and Japanese business communities with each other. Since the early 1960s, Australia has consolidated its position as an important supplier of various natural resources to Japan. Japan, on the other hand, has become the most vital market for Australian commodities. The significance of both countries in each other's overall foreign economic relations has been reflected in the way the JABCC and the AJBCC have conducted their activities.

**Previous studies of the AJBCC and the JABCC**

The literature on Australia-Japan relations contains some discussion of the AJBCC and the JABCC but no attempt

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2. 'Opening address' by Mr Walker, 1st joint meeting in 1963.
has been made to evaluate the functions of these committees in a comprehensive fashion. Writers on Australian domestic politics have also noted the importance of the AJBCC as a body of businessmen for dealing with matters on Japan, but the functions of the AJBCC in representing the private sector are not analysed in depth. In his work *A Class Apart?*, Tsokhas looked at the AJBCC as a tool enabling business leaders to exchange views and information, but he did not undertake a detailed examination of the activities of the AJBCC.

A few Japanese works extend their focus to the JABCC. Narita reviewed issues discussed at joint AJBCC/JABCC meetings between 1963 and 1969 in his book on the diplomatic history of Australia-Japan commercial


relations. Misawa and Bryant focussed on 'private economic diplomacy' in their analysis of various bilateral and multilateral business cooperation committees and economic missions in Japan, but the activities of the AJBCC and the JABCC were not selected for specific examination.

Perspectives on the functions of the Australian and Japanese committees

This thesis will analyse the AJBCC and JABCC from four main analytical perspectives: how they fitted into the range of collective action undertaken by the business communities in both countries with respect to foreign economic relations, or 'private economic diplomacy'; how they functioned as interest groups pursuing the collective goals of the business communities they represented; how they operated as organisations serving members' private business interests; and how they acted as institutionalised channels of communication between the business sectors of Australia and Japan.

'Private economic diplomacy' is a key organising concept in this thesis. It refers to the collective action undertaken by business leaders to promote their country's foreign economic relations, while, at the same

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7. Shigeo Misawa, 'Taigai Seisaku to zaikai', in Chihiro Hosoya and Jyoji Watanuki (eds), Taigai Seisaku Kettei Katei no Nichi Bei Hikaku, Tokyo Daigaku Shuppankai, 1983, pp.179-211.

time, advancing their own private business interests. Organised, collective action was particularly distinctive of the way the Japanese business community approached a foreign country with which it was unfamiliar but in which it saw potential business opportunities. The establishment of the JABCC exemplified the collective approach of the Japanese business community to Australia. It resulted from efforts by the entire Japanese business community to open up communication channels with foreign countries in order to re-enter the world economic system after World War II.

On the Australian side, the AJBCC was the first business cooperation committee set up in Australia, and therefore it had an important impact on the development of institutions for collective action by Australian business towards foreign countries. A number of business cooperation committees modelled on the AJBCC were established with other countries.

The thesis will attempt to evaluate the impact of the AJBCC and the JABCC on the institutionalisation and development of each country's private economic diplomacy, and conversely, assess how the conduct of private economic diplomacy in each country affected the operation of the committees as instruments of private economic diplomacy.

The way in which private economic diplomacy was conducted in each country reflected the structure of the business community and mechanisms representing the range of business opinions vis-a-vis foreign countries. The
roles of business leaders as representatives of the business community, and of the business organisations that provided administrative backup for private economic diplomacy are evaluated in terms of the type of collective action chosen to conduct private economic diplomacy. How the influence of individual business leaders who initiated the establishment of the AJBCC and the JABCC, and how the structure of the business organisations that provided secretarial services for the committees affected the operation of the committees will also be examined.

The thesis will further examine the AJBCC and the JABCC as organisations representing business interests, analysing the domestic and international dimensions of their activities and assessing their dual roles as interest groups pursuing collective objectives and as organisations serving their members' private interests. As interest groups, there were three areas of interaction between the AJBCC and the JABCC: between the two committees themselves; between each committee and their respective governments; and between each committee and their counterpart government and private bodies. How the committees served members' private business interests is analysed by focussing on the internal processes within the committees and the incentives designed to encourage membership.

The assessment of the AJBCC and the JABCC in these dual roles attempts to answer a number of related questions. What were the initial objectives in setting
up the committees? Who took the initiative in establishing them? Why did members decide to join? Whose interests did the committees represent? What did they achieve by undertaking collective action vis-a-vis their own governments and the government and business community in the other country?

Since the AJBCC and the JABCC were bodies of businessmen who were interested in doing business with the other country, providing contact points with counterpart business and government leaders was a crucial function. The importance of this function is evaluated by explaining different aspects of AJBCC-JABCC interaction: how each committee represented members' interests to the other committee, what mechanisms were set up to promote the two-way flow of communication between the two countries, what issues were communicated between committees, and what was achieved through the communication process.

Outline of thesis chapters

Chapter II presents an analytical framework for examining the functions of business cooperation committees in general. Firstly, the concept of 'private economic diplomacy' is defined in order to locate the committees in this context. Secondly, the functions of business cooperation committees as interest groups in domestic and foreign political processes are outlined. Thirdly, the internal processes of the committees are examined, focussing on how they served individual
members' business interests. The concept of 'organisational entrepreneur' is introduced in order to explain why organisations sometimes lacking shared goals can actually be set up and pursue collective objectives. Fourthly, business cooperation committees are analysed as a medium of communication across state boundaries.

Chapter III examines the basis on which the JABCC was established by the Japanese business community in the early 1960s. It also examines the private economic diplomacy conducted by the Japanese steel industry for the purchase of raw materials, particularly iron ore, which actually motivated a goodwill mission to Australia in 1961 and which ultimately resulted in the formation of the JABCC.

Detailed discussion of the establishment of the AJBCC and the JABCC, their administration, operations, and achievements is undertaken in Chapters IV to VII. Chapter IV focusses in detail on the processes involved in establishing the two committees. It examines the extent to which the nature of their administration and activities were determined by individuals who took the initiative in creating the committees. It illustrates how the Japanese side formalised channels for the whole business community despite the initiative taken by the steel industry. Chapter IV also examines the Australian side's response to the Japanese approach and the process of setting up the AJBCC.

Chapter V discusses the structure and domestic functions of the JABCC and Chapter VI analyses similar
activities by the AJBCC. These chapters discuss how the two committees developed structures for representing business interests in Australia-Japan economic relations and how they conducted activities serving these interests.

After summing up the expectations of AJBCC and JABCC members of their joint meetings, Chapter VII examines the interactions between the AJBCC and the JABCC and how the committees served as communication channels between the two business communities. One outcome of this interaction was the creation of the Pacific Basin Economic Council (PBEC) in 1968, and another was the creation of independent channels of communication established at industry and local levels by the Australian and Japanese business communities. This chapter also analyses what issues were considered by these other channels, and why the channels operating through the AJBCC and the JABCC could not be used to deal with these issues.

Chapter VIII undertakes a general examination of the development of private economic diplomacy in Japan. It illustrates the different emphases given to the functions of various business cooperation committees, and puts the JABCC's activities in perspective.

Chapter IX assesses the activities and impact of the AJBCC on the development of Australia's private economic diplomacy, and particularly the role of the AJBCC as a model for other business cooperation committees in Australia. The importance of the 'organisational
entrepreneur' in the development of Australia's private economic diplomacy is evaluated in relation to the mechanisms available to the Australian business community for representing their interests.

Chapter X reviews the discussion in previous chapters. It identifies what functions were given emphasis in the operation of the AJBCC and the JABCC, to what extent their activities were limited, how significant their roles were in the context of private economic diplomacy, and how they influenced the evolution of institutions conducting private economic diplomacy in each country.

Chapter XI concludes the discussion by assessing the role played by the AJBCC and the JABCC in the development of Australia-Japan relations, and the changes in their roles in response to the evolution of the bilateral relationship.
THE FUNCTIONS OF BUSINESS COOPERATION COMMITTEES:
A FRAMEWORK OF ANALYSIS

The term 'business cooperation committee'\(^1\) in this thesis refers to an organisation of businessmen who are concerned to promote economic relations between their country and another country (or countries). Each business cooperation committee has various functions and puts different emphases on these functions depending on which country and what issue the committee is dealing with.

This chapter constructs a framework of analysis incorporating four different perspectives on the functions of the business cooperation committees. The first part locates business cooperation committees in the context of private economic diplomacy after discussing specialist usage of the term in Japan and by other writers. The second part analyses the extent to which business cooperation committees acted as 'interest groups' in the domestic and international arenas and explores the relevance of the concept of 'corporatism' to business cooperation committee functions. In the third section, the analysis focuses on the advancement of

\(^1\) A business cooperation committee may actually be called a 'Business Council', 'Economic Committee', 'Economic Association', 'Businessmen's Conference', 'Economic Club', as well as a 'Business Cooperation Committee'. 
members' private business interests through committee activity and the various incentives for business executives to participate. The chapter concludes by assessing the various ways in which committees operated as communication channels between business sectors in counterpart countries.

The Concept of Private Economic Diplomacy

Rhetorical usage of 'private economic diplomacy' in Japan

'Private economic diplomacy' (minkan keizai gaiko) has been used in the Japanese literature to identify the business sector's involvement in diplomatic activities. As Bryant points out, 'Japanese businessmen, in cooperation with government, are attempting to pursue interests that include corporate profits but in a broader context of advancing their country's diplomatic objectives'.

It is certainly not uniquely 'Japanese' for businessmen to cooperate with their government in promoting national economic development and related foreign economic policy at the same time as pursuing their own private business interests.


In the late 1950s and early 1960s, however, the terms 'economic diplomacy' (keizai gaiko) and 'private economic diplomacy' (minkan keizai gaiko) were used in a special context in Japan. At the end of World War II, the primary concern of Japanese political and business leaders was how to reconstruct the Japanese economy after the complete destruction of the wartime period. In this context 'economic diplomacy' (keizai gaiko) became a slogan indicating the priority in Japan's diplomacy given to developing trade to advance Japan's economy. It reflected the desperate wish of Japanese leaders for Japan's future in terms of its re-entry into world society and Japan's economic development through trade growth. Both government and business circles were devoted to removing obstacles to Japan's economic development and obtaining export markets. In 1958, Foreign Minister Fujiyama stated in the Diet that: 'In order to promote Japan's trade, it is important for both the government and the private sector to work cooperatively for establishing orderly exporting systems, and securing overseas export markets'.

In 1959 the Japanese Blue Paper on foreign policy made it clear that economic diplomacy included not only the government's negotiations for concluding various agreements, but also

the government's support for the private sector's business activities in overseas countries.\(^5\)

In this atmosphere it was hard to separate business activities from activities geared to broader national economic objectives. Both business and political leaders had an emotional commitment to their roles in the economic recovery and development of Japan. Influential Japanese business leaders became public figures as promoters of exports, and had confidence in the importance of their roles in promoting Japan's foreign economic relations.

Kiichiro Sato (Chairman of the Board, Mitsui Bank) said:

I think that people have the impression when they spoke of "economic diplomacy", that through private businessmen's contacts with foreign countries, problems involved in foreign policy, problems difficult to solve on a government-to-government basis could be "ironed out" in a more natural fashion.\(^6\)

Shigeo Nagano (President, Fuji Iron and Steel Co., Ltd) also stated:

As a general rule, intergovernmental talks tend to be ritualistically formal, ... but things are different at meetings of businessmen. Here, freed from the dictates of rigid formality, they can talk with each other without reserve, which makes for closer contact between the nations concerned and promotes their mutual understanding.\(^7\)

\(^{5}\) Waga Gaiko no Kinkyo, no.3, 1959, pp.23-27.


\(^{7}\) Ibid., p.29.
Business leaders often saw themselves as experts on economic matters and were critical of diplomats' poor knowledge of economic issues. This did not mean, however, that they saw problems between nations as easily solved by talks between businessmen or 'mutual understanding' amongst businessmen created by frequent and informal talks as leading to easier governmental negotiations. Nevertheless they engaged in international activities with a great deal of confidence, and had frequent discussions amongst themselves and with political leaders and government officials about what business and government should do to establish Japan's economic status in international society.

Japan's private economic diplomacy is defined by Bryant as 'a systematic effort by business and government to establish a favorable climate for improving economic relations with foreign countries by utilizing business in official and unofficial roles'. Misawa also briefly examines private economic diplomacy and regards it as the business community's involvement in the foreign policy making process.

At this time 'private economic diplomacy' (minkan keizai gaiko) was not only a term identifying the

10. An analytical framework to examine private economic diplomacy, however, was not well developed by Misawa. [See Misawa, 'Taigai seisaku to nihon "zaikai"' pp.195-206.]
international activities of business leaders in promoting Japan's foreign economic relations alongside government efforts, but also the rhetoric used by them to justify the significance of their international business activities. Business leaders called their international activities 'diplomacy' because they believed that they were contributing to improving the foreign climate for Japanese exports. Even going overseas in search of business opportunities was sometimes called 'private economic diplomacy'. This subjective view of 'private economic diplomacy' (minkan keizai gaiko) by business leaders seems to have given rise to ambiguous usage of the term.

The Japanese government, particularly the Ministry of Foreign Affairs, was not always happy with the consequences of this type of 'private economic diplomacy' conducted by business leaders. ¹¹ A well known journalist, Hara, commented that missions organised by business leaders sometimes lacked consideration of foreign policy questions which might harm broader official relations through irresponsible action. ¹² Misawa also notes that Japan's business community acted

¹¹. Officials in the Ministry of Foreign Affairs are often critical of this usage of 'diplomacy'. For instance, Ono, who had held several ambassadorial positions, emphasised that diplomacy should be carried out only by respectable government organs, and that terms like 'economic diplomacy' and 'private economic diplomacy' abused the real meaning of the word. [See Katsumi Ono, Kasumigaseki Gaiko, Nihon Keizai Shinbun-sha, Tokyo, 1978, p.122.]

first, then the government or government officials followed and solved the friction in foreign relations caused by their international activities.\(^\text{13}\)

What was meant exactly by 'economic diplomacy' and 'private economic diplomacy' was not elucidated by political and business leaders, despite frequent use of the terms. Therefore, when Japan faced global economic problems, its framework of so-called 'economic diplomacy' was too ambiguous to give concrete direction to Japan's diplomacy. During the latter half of the 1960s, more emphasis was placed on Japan's undertaking responsibilities as a member of the group of developed nations. The concept of economic diplomacy was then redirected towards an emphasis on 'economic cooperation' with developing nations both by government and business.\(^\text{14}\) At the end of the 1960s, the term 'economic diplomacy' disappeared altogether from the Blue Papers, although economic issues were still regarded as central to Japan's foreign policies. Instead of re-examining the concept of economic diplomacy, Japan introduced new terms such as 'resource diplomacy' (shigen gaiko) in the 1970s and 'energy diplomacy' (enerugi gaiko) in the 1980s, which expressed new national economic goals for diplomacy.

Hence, 'economic diplomacy' is used in this thesis simply to mean diplomacy with an emphasis on economic

\(^{13}\) Misawa, 'Taigai seisaku to nihon "zaikai"', pp.195-206.

matters. The concept of private economic diplomacy in the thesis has a more exclusive meaning than the terminology 'minkan keizai gaiko' used by the Japanese media and business leaders in the 1950s and 1960s.

**Private economic diplomacy as an analytical concept**

Private economic diplomacy is defined in this thesis as the collective action of business leaders towards foreign countries in order to develop their country's foreign economic relations and expand their own private business activities. As such, it has the following four basic characteristics.

Firstly, it involves organised approaches to foreign countries by businessmen or people representing the private sector in developing their country's economic relations. Organised approaches may involve the operation of business cooperation committees, the holding of international conferences and fora, and the dispatch of missions or delegates. Hosting visits by foreign government officials and business representatives are also included. Business organisations are involved in conducting private economic diplomacy in the sense that they provide administrative backup for dispatching missions and for business cooperation committees. The role of individual business leaders may also be crucial in acting as spokesmen for their business communities vis-a-vis foreign business and governments.

The second important characteristic of private economic diplomacy is that its goals must represent the
collective interests of the private sector as a whole or major sections of it. Private economic diplomacy does not, therefore, extend to the business dealings of individual corporations, although participants do not necessarily neglect their own private business interests when conducting private economic diplomacy. In fact their incentive for getting involved can usually be directly or indirectly related to their private business interests.

Business representatives participating in various aspects of private economic diplomacy will tend to demonstrate a unified view vis-a-vis the counterpart country or groups within it. In this respect as well, the role of business organisations and business leaders may be important in adjusting diverse domestic interests. As it is not easy to unify the views of different sectors, private economic diplomacy may require the adjustment of domestic interests in the course of forming a unified view for representation abroad. It is, therefore, easier to conduct private economic diplomacy if the business community has a nationwide cross-sector peak business organisation.

Thirdly, private economic diplomacy pursues benefits in the national interest. It basically conforms to and advances the same goals as the government's economic diplomacy and foreign policies. As a result of private economic diplomacy, the business communities may, however, agree to approach their own country's government to obtain favours for themselves. Even when their
activities do not follow the government's official stance, they can still assist government policy formulation by keeping open unofficial channels of communication with counterpart countries. Thus, in this respect at least, consultation between business and government is crucial to the operation of private economic diplomacy.

Fourthly, private economic diplomacy does not include tasks directly associated with government-to-government negotiations, although its goals are often closely related to government policies. Delegates or missions from the private sector may be asked by the government to undertake informal contacts with the politicians of a foreign government in order to initiate government-to-government negotiations. In such cases, however, delegates do not have the authority to conduct negotiations on behalf of the government if their activities are still to be considered private economic diplomacy.

The advantage for the government in utilising people from the private sector derives from their unofficial status. It means that the government does not have to be responsible for their statements or opinions, but can still use them to sound out the counterpart committee and government's opinions on specific issues. Business leaders can be appraised of the opinions of foreign leaders which they have gathered from their meetings with them. For the business sector, government support facilitates their meeting with foreign political leaders.
and government officials as legitimate representatives of the business community. This is important when business circles are considering participation in national projects in foreign countries. Government support can also assist in drawing the attention of foreign governments and business communities more effectively to opinions that are represented by the business delegates who are meeting with the foreign leaders.

Private economic diplomacy and the structure of business organisation

The way in which private economic diplomacy is conducted is influenced by how business organisations are structured for the purpose of representing the interests of the business community. Business organisations also provide administrative backup for the conduct of private economic diplomacy.

Administration of private economic diplomacy is undertaken mainly by peak business organisations. These groups can lay legitimate claim to represent the business community as a whole, and are consequently more able to adjust divided domestic interests towards issues in foreign economic relations. They tend to conduct country-based private economic diplomacy that is closely related to their country's overall foreign economic policy. Consequently business cooperation committees, which are bodies concerned with overall economic relations with specific countries, tend to be located under the auspices of peak business organisations.
In fact, the secretariats of most business cooperation committees in Australia and Japan are located in peak business organisations. These include Keidanren (Keizai Dantai Rengokai -- Japan Federation of Economic Organisations), Nissho (Japan Chamber of Commerce and Industry), ACMA (Associated Chambers of Manufactures of Australia), and CAI (Confederation of Australian Industry).

Private economic diplomacy can also be conducted by industry associations, local business organisations, and various other business organisations. When a trading partner is important to a country, communication channels become much more diversified than with the lesser trading countries. Private economic diplomacy for dealing with commodity issues tends to be conducted by industry associations that represent the producers concerned. Local business organisations can more effectively conduct private economic diplomacy that involves various services requested by small and medium sized firms. The interests of locally based small and medium sized business are often neglected at the national level.

Private economic diplomacy and the role of individual business leaders

Some business leaders are strongly committed to private economic diplomacy. Their status in the business community can also influence the way in which it is conducted and is usually closely related to their positions in business organisations. It also determines their capacity to represent business interests in private
economic diplomacy. Individual business leaders have been important in leading overseas economic missions, taking the initiative in forming business cooperation committees, and utilising the administrative staff of their business organisations to undertake tasks associated with private economic diplomacy. Some have had the advantage of extensive personal networks with political leaders and senior bureaucrats formed through election campaigns, policy advisory committee meetings, and other official and unofficial meetings with government leaders. This has facilitated business-government communication links in the formation of private economic diplomacy goals.

Such business leaders are, therefore, in a position to speak on behalf of their country's foreign economic policies, as well as the industries they are representing at international meetings. Moreover, these businessmen can act as opinion leaders in the process of adjusting divided domestic interests. Responses from domestic

15. Studies of American business commitment to public policy showed that in the United States the leaders of big firms who travelled frequently abroad were placed in the position of spokesmen for America in a foreign environment. In that case, Bauer (et al.) concluded that: 'they learned to speak for a self-interest that went beyond their particular industry. They became more internationalist in the sense that took more foreign facts into account in their calculations, but, in another sense, they became more nationalist. They came to answer questions in the light of what seemed to them the interests of America in the world, not the interests of one firm in America'. [See Bauer et al., American Business and Public Policy, pp.471-472.]

16. For example, Hara drew attention to the role of business leaders in private economic diplomacy with respect to building consensus in the business community. He pointed out that Toshio Doko, the
and foreign business circles and governments, and the administrative support for private economic diplomacy from business organisations can also differ depending on a business leaders' reputation in his own business community and his status at large.

The ways in which business leaders commit themselves to diplomatic activities, however, may differ depending on the country, reflecting the nature of business-government relations in each case and the degree of centralisation of the business community. As mentioned previously, Japanese business leaders were confident about their roles as representatives of the Japanese business community. They found more status in career terms by engaging in private economic diplomacy. This did not necessarily mean, however, that the activities of Japanese business leaders were actually more effective in private economic diplomacy than those of foreign business leaders.

**Instruments of private economic diplomacy**

The business community can generally employ the following methods for conducting private economic diplomacy: special delegates from the private sector appointed by the government; economic missions of

Chairman of Keidanren, had been expecting that the mission to Europe in 1976 would face severe criticism of Japan's trade surplus. The important point was, according to Hara, that he could emphasise the seriousness of the problem on his return and his comments would be very influential in the business community as well as in government. [See Ushiba and Hara, *Nihon Keizai Gaiko no Keifu*, p.132.]
appointed by the government; economic missions of
businessmen; and bilateral and multilateral business
cooperaion cooperation committees. The method adopted
tends to reflect the issues and the country in question.

'Special delegates' are individual businessmen
appointed by the government to handle political issues
connected with economic relations. These delegates can
be regarded as representing a kind of 'quasi' private
economic diplomacy, because they are sometimes given
authority as representatives of the government. Their
appointments, however, are still closely related to
actual business interests and therefore may benefit the
private sector. They can open up communication channels
for the business community with the foreign countries
they visit.

Economic missions of businessmen are organised by
both government and business organisations. The missions
are usually sent to discuss particular issues with
foreign political and business leaders arising from
economic relations between the two countries. The
missions provide opportunities for business leaders to
publicise the views of their own business community about
these issues in the country being visited, and also to
seek business opportunities through meetings with
political and business leaders of the country.

The establishment of a business cooperation
committee is a significant step in maintaining regular
contacts with a counterpart country. Compared to
dispatching special delegates and missions, setting up
business cooperation committees demonstrates the permanent commitment of a business community to maintaining an institutionalised channel of communication with a foreign country. This is particularly so when the country of concern sets up a counterpart committee. These reciprocal committees are usually established after an exchange of missions. Once a committee is set up, dispatching missions to the country, setting up sub-committees, and holding ad hoc or regular meetings with the counterpart country may be conducted by the committee. Furthermore, the committee may host the visit of foreign delegates relating to an area of committee concern.

Business Cooperation Committees as Interest Groups

A business cooperation committee can be considered an 'interest group' in so far as it has shared goals in promoting economic relations with a particular foreign country (or countries), and organises members to achieve these goals by exerting influence on its own government and foreign governments and business communities. The interest group functions of business cooperation committees are both domestic and international. The target of their influence can be their own business community, foreign governments, foreign business communities, as well as their own governments. The domestic functions of the committees involve organising
members' interests to influence government policy formulation and implementation.

Coordinating government policies and business interests is another function of the committees operating as interest groups. Members' interests also extend to the policies of foreign governments and business conditions in these countries. In order to represent the opinions of business circles effectively, adjusting diverse domestic interests and unifying them is an important function for business cooperation committees. The means to achieve goals are determined by what interests business circles have in a foreign country, with whom they have to deal, and what problems they have to overcome.

The functions of business cooperation committees sometimes extend to participating in policy making and implementation. In providing communication channels between the business community and the government, the business cooperation committees can be used by the government to obtain information for policy formulation and assistance in policy implementation. Communication channels between business and government can also be used by business to gather information about government policies that may affect their business, and to influence the decision and implementation of policies in their favour.
Pross emphasised the importance of the two-way flow of communication between interest groups\textsuperscript{17} and the government:

\textit{[P]rimarily, pressure groups perform communication and legitimation functions. Secondly, they act to regulate their members and to supplement governmental administration... The communication function is central... Because these communications activities are usually initiated by groups outside government, we tend to think of pressure groups as devices for transmitting demands to government. But they also help government identify the interests of particular sectors of the community and so channel of communications from government and offer a means through which government can test opinion. Hence a two-way flow of communication can be created in which the pressure group and government representatives can discuss matters as divergent as national policy and administrative detail.\textsuperscript{18}}

He also argues that 'the legitimating functions of pressure groups are by-products of their communication activities and supportive of them'.\textsuperscript{19} In the case of business cooperation committees, the two-way flow of communication between business and the government is not only a function of their attempt to place pressure on the government. One of the objectives is also to obtain

\begin{itemize}
\item[\textbf{17.}] Pross uses the terms 'pressure groups' and 'interest groups' interchangeably. He defines 'pressure groups' as 'organisations whose members act together to influence public policy in order to promote their common interests'. [See A. Paul Pross, 'Pressure groups: adaptive instruments of political communication', in A.P. Pross (ed.), \textit{Pressure Group Behaviour in Canadian Politics}, McGraw-Hill Ryerson, Scarborough, 1976, pp.2-3.]
\item[\textbf{18.}] Pross, 'Pressure groups', p.6.
\item[\textbf{19.}] \textit{Ibid}, p.6.
\end{itemize}
information and support from government, which benefits the committees when they represent business circles vis-a-vis foreign governments and business.

The concept of 'corporatism' highlights the involvement of interest groups in policy making and implementation, although the concept has been defined differently by different scholars. Ruin, who is a scholar of the so-called 'Scandinavian school', defined 'corporatism' as 'a situation where the interest organizations are integrated in [sic] the governmental decision-making process of a society'. The government may utilise a business cooperation committee not only as a consulting body representing business to discuss government foreign economic policies towards the country


22. Ruin uses the term 'corporativism'. [See Ruin, 'Participatory democracy and corporativism', p.172.]
of the committee's concern, but also as an agent in implementing its policies towards that country. A committee may also play a role in coordinating members' interests in order to undertake the necessary tasks by members for implementing policy effectively. Furthermore, the government can utilise communication channels with foreign countries established through business cooperation committees as unofficial contact points with foreign governments.

Ruin argues that the participation of interest groups in policy formation and implementation processes benefits not only interest groups but also government. He states: 'from the point of view of the government, an inclusion of interest organisations in national politics appeared useful' because: firstly, 'valuable information can be obtained'; secondly, 'valuable mobilization of support can be achieved'; and thirdly, interest organisations can be given 'the role of protectors of the interests of the common man against the possible misdoings and narrow-mindedness of bureaucrats'. From the point of view of the interest groups, participation in the governmental process is valuable, because: firstly, influencing governmental decisions is strengthened; and secondly, the reputation of the interest groups is favourably enhanced. 23

International activities are another area to consider in relation to the role of business cooperation

23. Ruin, 'Participatory democracy and corporativism', pp.174-175.
committees as interest groups. As previously pointed out, the scope of business cooperation committee activities encompasses both the domestic and international dimensions. A business cooperation committee can present its unified opinions directly to a foreign government, and/or indirectly through its counterpart committee or other business organisations in the foreign country. Its opinions can influence the policies of foreign governments in such areas as plans for overseas capital borrowings and for national development. The business community can exercise influence on decision-making processes in foreign countries when it and its own government are providing capital.

Willetts undertook work on pressure groups in the global system, and introduced the concept of transnationalism into pressure group studies. He pointed out that:

[M]ost people concentrate overwhelmingly on pressure group activities within a single country trying to influence government policy. On the other hand, those people focussing on international politics tend to ignore the activities of pressure groups... ideas of transnationalism and interdependence provide a basis on which we can understand the presence of pressure groups in global politics, whereas Realism does not.  

The concept of transnational relations supports the argument that business cooperation committees, which are


25. Ibid., pp.xiii-xiv.
not government agencies, can interact with foreign bodies (foreign governments, business organisations and counterpart committees). These interactions can be called 'transnational interactions'. The Pacific Basin Economic Council (PBEC), which was established through the AJBCC and the JABCC, can be called a transnational organisation (international non-governmental organisation).

However, business cooperation committees are not 'transnational actors' in the sense that Willetts (and others) used in their study of pressure groups. His work actually focussed on international organisations, although the organisations themselves were classified as 'pressure groups'. Business committees, on the other hand, do not have an international membership and are still strongly bound to domestic interests. The committees essentially pursue their own country's national economic interest.


27. The concept of transnational relations was developed in order to challenge the state-centric approach in the field of international relations and to describe the nature of international relations from a pluralistic perspective. It is, therefore, a concept that is relevant for examining international non-governmental organisations in the international political arena.
In summary, the functions of business cooperation committees as interest groups include the provision of consulting channels between business and government about policies towards the country of the committee's concern, and influencing and implementing these policies. A committee's influence may extend to foreign government policies. In addition, in order to perform these functions efficiently, unifying opinions among members is critical. Hence, the function of adjusting diverse domestic interests is an important aspect of the operation of business cooperation committees.

Each committee places a different emphasis on each of these functions, depending on which country the committee is dealing with and what the main issue is of concern to the committee. Furthermore, not all business cooperation committees are involved in the political process to the same degree. Some committees put much less emphasis on political activities than others. Specifically in the case of the AJBCC and the JABCC, the extent of their involvement in policy formulation and implementation will be analysed. Comparison with other committees will help to clarify the relative emphasis placed on interest group functions by the AJBCC and the JABCC.

Business Cooperation Committees and Members' Private Business Interests

The main objective of business cooperation committees is collectively to promote business with
specific countries. The advancement of private business interests with a counterpart country, however, still encompasses the diverse interests of members, which somehow, have to be translated into a shared goal of a committee. In fact, some business cooperation committees were actually formed without solid, common interests amongst members. To a large extent, the interest group functions of business cooperation committees result from the collectivity of members' own private interests and the way in which committees serve these interests. For instance, exerting influence on policy formulation and implementation via committee operations can benefit members in terms of obtaining favourable government decisions for their business activities and access to useful information for their own business purposes.

The study of the internal processes of organisations sheds light on the relationship between the behaviour of organisations and members' self-interest. "Why groups do what they do" is not necessarily explained in terms of their stated goals. What groups achieve can be different from their original goals, and goals can also be manipulated to obtain a larger membership. Here the most appropriate questions are: why are organisations formed and, why and how are they maintained? These


studies direct attention to incentives for individuals to join an organisation, and to leaders who initiate and speak for the organisation, rather than to the behaviour of the organisation as a whole. Olson argues that:

The widespread view, common throughout the social sciences, that groups tend to further their interests, is accordingly unjustified, at least when it is based, as it usually is, on the (sometimes implicit) assumption that groups act in their self-interest because individuals do. There is paradoxically the logical possibility that groups composed of either altruistic individuals or irrational individuals may sometimes act in their common or group interests.30

Both Olson and Moe argue that members of organisations expect to obtain a return for their membership.31 Moe states that: 'Selective incentives are direct member inducements which the individual receives in exchange for his contribution; in deciding whether to buy, he is concerned with whether his gain from selective incentives exceeds their cost'.32 The benefit versus cost considerations for individual members need to be taken into account in examining the formation and maintenance of business cooperation committees.


31. However, unlike Olson, Moe finds both selective incentives and collective goods can serve as membership inducements. [See Moe, The Organization of Interests, p.34.] Wilson was also critical of Olson's argument. He pointed out that 'it is far from clear that, even in organizations purportedly serving their members' economic interests, direct money incentives are central, and of course in non-economic associations they never are'. [See Wilson, Political Organizations, p.25.]

32. Moe, The Organization of Interests, p.34.
Joining a business cooperation committee usually requires an annual membership fee, but it is doubtful whether the decision to join is based on considerations of benefit versus costs in purely monetary terms. Membership fees are paid by companies, but the leaders can still decide to join for personal interest reasons. Even when they join business cooperation committees for economic reasons, the benefits their companies gain from these committees can be in a very indirect form, such as extending personal contacts with other businessmen leading to further business dealings. Moreover, some business cooperation committees in Japan (such as the Committee on Japan-EC Relations, the Committee on Japan-EFTA Relations and the Committee on Cooperation with Asia in Keidanren) did not require special membership fees, and the administrative costs were covered by umbrella organisations.

Several incentives for participating in business cooperation committees can be postulated. Proposing views collectively to government or to foreign governments and business communities can be more efficient and effective than doing it individually. Members can also obtain valuable information for their own business from the communication process between a business cooperation committee and its respective government as well as the foreign business community and foreign government. Members can extend their personal contacts with foreign leaders, which may benefit their companies' business by bypassing official procedures. As
Moe points out, organising groups can minimise communication costs for members and the communication network within the group can perform feedback functions. The group does not necessarily provide information services for members as an incentive to join or stay. Moe argues that members can supply incentives by themselves by getting together to exchange information, discuss problems, work out differences or devise plans for concerted action through meetings, conferences, seminars and the like. In addition once the committee obtains a reputation as a group of leading businessmen, joining the committee generates social status for the businessman.

Even when individuals can see potential incentives for establishing an interest group, it does not necessarily form spontaneously. The concept of 'organisational entrepreneur', or 'political entrepreneur' is useful in this context to explain how business cooperation committees are formed and maintained on the initiative of individual leaders. The role of the 'organisational entrepreneur' is to contact potential members, supply incentives, deal with environmental factors (such as government officials, non-governmental

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33. Ibid., p.45.

34. Ibid., p.51.

35. Moe's concept of 'political entrepreneur' is defined as: 'a hypothetical individual who exploits profitable opportunities by providing, or promising to provide, services that are designed to attract support from individuals who might find them of value'. [See Moe, The Organization of Interests, p.36.]
groups and rival entrepreneurs), and appoint administrative staff to support his work for the committee. Organisational entrepreneurs basically seek personal advancement by providing services to a group of people.

The concept of 'organisational entrepreneur' is useful in explaining the formation of business cooperation committees in Australia. It was often the case that the administrative staff of peak business organisations acted as organisational entrepreneurs, approaching business leaders who might be interested in a business cooperation committee linked to a particular country, designing packages of benefits, and setting up and maintaining administrative structures. In cases where Australian business committees and their umbrella organisations competed with other organisations to gain legitimacy, organisational entrepreneurs sometimes designed and altered services to meet members' business interests. As Wilson has stated: 'Whatever else organisations seek, they seek to survive. To survive, they must somehow convince their members that membership is worthwhile'.

The way some business cooperation committees were formed in Japan, on the other hand, suggests that 'organisational entrepreneurship' does not always explain why committees were set up. In Japan, some business

36. Wilson, Political Organizations, p.10.

37. Wilson criticised a concept of 'associational entrepreneur' as it does not explain why organisations are formed in all cases. He argues: 'Comparing relative profits is possible when all are
leaders took the initiative in forming committees as instruments to maintain contacts with foreign countries. The establishment and abolition of a committee could be decided in accordance with the interests of individual business leaders, and also with the benefits for the Japanese business community as a whole in the context of Japan's overall foreign economic relations. Individual business leaders sometimes utilised the administrative resources of peak business organisations to administer the committees. In other words, the creation of the committees was not due to the activities of peak business organisations, and business leaders' involvement in the creation and operation of committees was not the result of their search for individual benefit by providing services to businessmen.

Transnational Communication Channels

In pursuing influence over foreign governments and business communities, and serving members' business interests in a country of concern, the provision of contact points for business leaders with the leaders of the counterpart country becomes an essential function of a business cooperation committee. Via committee contact points, a two-way flow of communication can occur across state boundaries.

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measured in money; it is not possible when, as with voluntary associations, "profits" are measured sometimes in money, sometimes in status and sometimes in ideology'. [See Wilson, Political Organizations, Chapter 10.]
Business cooperation committees act as a medium to facilitate the two-way flow of communication between their country and counterpart countries. Here the term 'transnational' is employed because communication channels through business cooperation committees are not under the control of government, although they are often given legitimacy as the main communication channels between their country and counterpart countries. In addition, communication channels established through business cooperation committees have the potential to develop transnational organisations involving a number of countries that are indirectly linked through the channels.

A business cooperation committee can provide consulting channels for the business community with foreign governments and business communities, as it does with their domestic organisations. When business leaders find problems in a foreign country which are interfering with the development of business relations between their country and another, they can express their opinions collectively through a business cooperation committee and request action from the foreign government and business community to resolve problems. Business leaders can exchange opinions with foreign leaders and obtain information about political and economic changes in foreign countries which may affect their own country's

38. As previously mentioned, 'transnational interactions' include contacts across state boundaries that are not controlled by governments. [See footnote 27 of this chapter.]
foreign economic policies. The communication channels can also be used by their government to sound out foreign opinions on particular policies.

Business cooperation committees can also act as a 'gateway' for foreign governments and business communities to approach their own business community. When foreign governments seek the financial and technical involvement of a business community in their countries' national development projects, business cooperation committees can provide contact points for them. This 'gateway' function becomes particularly significant when a business cooperation committee represents the business community at a higher level and undertakes close consultation with its own government. Moreover, business cooperation committees provide places in which foreign business and political leaders can express their concern and criticism about issues arising from the economic relationship between two countries.

Communication channels through business cooperation committees are also important for individual business leaders to expand their own business. Business leaders can obtain information about economic policies of a foreign country which may affect their business or about business opportunities there, by attending regular and ad hoc meetings with leaders of the counterpart country and participating in overseas missions to the country organised by business cooperation committees.
As one way of conducting private economic diplomacy, the activities of committees need to be examined in terms of their significance in promoting their country's economic relations with other countries and how appropriately they respond to problems arising out of the overall foreign economic relationship with their counterpart country.

At the same time, the committees can be assessed as organisations representing business interests both to their respective governments and to foreign countries. Features of business cooperation committees as organisations can also be evaluated with respect to their internal processes. Since the committees are not always organised to pursue shared goals, how they attract potential members and what expectations members have of their involvement in these committees needs to be examined. The international functions of business cooperation committees are another important area to be assessed. In particular, providing communication channels with the counterpart country is an essential function of the committees, either for influencing foreign government policies or for serving members' private business interests.
The creation of the AJBCC and the JABCC resulted from a Japanese goodwill mission to Australia in 1961. The mission was motivated by the Japanese steel industry's interests in Australian iron ore, but it represented a wide range of other industrial sectors as well.

The dispatch of the mission was one example of private economic diplomacy conducted by the Japanese business community in the early 1960s. Various other business cooperation committees were also set up at about the same time as the JABCC as a result of the collective approaches of the Japanese business community to foreign business communities. This chapter traces the development of Japan's private economic diplomacy from the mid-1950s to the early 1960s in which the dispatch of a goodwill mission to Australia and the creation of the JABCC had much significance.

During this period, methods of conducting private economic diplomacy were established by the Japanese business community. The first section of this chapter discusses the unique atmosphere in Japan which facilitated the establishment of private economic diplomacy. The second section elaborates in detail the
various methods of conducting private economic diplomacy. Discussion in the second section concentrates on private economic diplomacy designed to advance the interests of the entire business community and the Japanese economy as a whole. The third section focuses on private economic diplomacy conducted specifically by the steel industry in relation to securing raw material procurement. The industry's collective approaches towards India and Australia are discussed in this context, because both countries were regarded as important suppliers of iron ore, yet the collective approach to each country differed in terms of governmental commitment and the representation of business interests.

The Establishment of Private Economic Diplomacy

The way in which private economic diplomacy was conducted by Japan from the mid-1950s to the mid-1960s directly reflected Japanese national economic priorities during this period. There were three distinctive characteristics of Japanese domestic politics, which facilitated the development of private economic diplomacy.

Firstly, Japanese foreign policy emphasised the economy. In the early postwar period, the primary object of Japan's foreign policy was to re-join the world economic system. The government was deeply involved in assisting the development of key industries and established a system of exchanging information with
business groups. Government and business leaders had a strong commitment to expanding exports, which was considered essential to the growth of the Japanese economy, and they worked together to achieve this objective.

Secondly, the Japanese business community was hierarchically structured and centrally organised into four peak business organisations: Keidanren, Nissho, Nikkeiren (Nihon Keieisha Renmei -- Japan Federation of Employers' Associations), and Keizai Doyukai (Japan Committee for Economic Development). Although they contained divided sectional interests, they were still able to coordinate different opinions and represent widely supported views of the business community. These peak organisations established crucial communication channels with the government bureaucracy and political parties and as such, had direct access to the decision-making process.

1. Ogata points out that the Japanese business community can be divided into three levels: zaikai (the group of leaders of major business organisations, mainly the leaders involved in Keidanren, Nissho, Doyukai, and Nikkeiren); gyokai (the industrial associations); and kigyo (individual enterprises). [See Sadako Ogata, 'Nihon no taigai seisaku kettei katei to zaikai', in Hosoya and Watanuki (eds), Taigai Seisaku Kettei Katei no Nichi Bei Hikaku, Tokyo Daigaku Shuppankai, Tokyo, 1983, pp.214-218.]

2. Okimoto characterises Japan as a 'network', or 'relational' or 'societal' state in which government maintains close working relations with the private sector. He also points out that in Japan 'a vast network of "intermediate organizations" functions ... between the state and private enterprise'. These organisations include public corporations, industrial associations, business federations, government advisory councils, public policy study groups, and parliamentary caucuses. [See Daniel I.
Thirdly, there were some business leaders called zaikai-jin who were not only successful businessmen, but were regarded as representatives of the Japanese business community as a whole.\textsuperscript{3} Zaikai-jin were usually retired from actual management positions, although they still had the highest status in companies. Retirement enabled them to devote themselves to social and political activities in economic affairs. Furthermore, these leaders usually had high status in peak business organisations and could use the facilities and staff of these organisations for conducting private economic diplomacy.\textsuperscript{4}

In the 1950s and 1960s, promoting exports was the main objective of macro-economic policy. Heavy industry was supported as the main industry, although until the late 1950s light industry (the textile industry in

\begin{verbatim}

3. Zaikai-jin refers to business leaders in the top group of largest corporations, but usually owners of companies are excluded.

4. Suzuki argues that a zaikai-jin was an influential businessman, who was not only interested in the expansion of his business but also in pursuing his power and influence in politics. [See Yukio Suzuki, Seiji o Ugokasu Keieisha, Nihon Keizai Shinbun-sha, Tokyo, 1965, p.27.] Ogata also pointed out that the role of zaikai-jin is to adjust antagonistic interests among big business or different industries and to ask the government to give consideration and assistance to depressed industries, as well as to get involved in advisory bodies to government. [See Ogata, 'Nihon no taigai seisaku kettei katei to zaikai', pp.214-215.]
\end{verbatim}
particular) was still the most important sector for earning foreign exchange. The government negotiated bilateral and multilateral agreements to foster Japan's re-entry into international society and to promote its exports, such as bilateral commerce agreements, commerce and navigation treaties, tax agreements, and Japanese entry into GATT and the OECD. The government also introduced various policies to protect and assist industries so as to become more competitive in the world market. Securing supplies of raw materials became an important issue in relation to increasing exports.

Economic diplomacy had two objectives during this period: expanding markets for exports and securing supplies of raw materials. Although both objectives were strongly linked in terms of increasing Japanese exports, expanding markets was a more serious concern in the early stages. It also required a different approach towards developed countries compared with developing countries. Developed countries were considered major markets for consumer goods, and Japan needed to be careful not to create tension among domestic industries in those countries that were threatened by Japan's aggressive marketing. On the other hand, developing countries were generally regarded as markets for Japanese capital goods as well as suppliers of raw materials. Japanese government and business were interested in getting involved in development plans in developing countries (such as constructing plants, dams, roads, railways, and exploring natural resources), because their development
projects would require importation of capital goods. Economic diplomacy included not only government procedures for trade negotiation as well as foreign policy activities, but also cooperative work between government and the private sector associated with the pursuit of the above two objectives.

The presence of centralised nationwide business organisations facilitated the development of mechanisms for conducting private economic diplomacy. Business leaders who had high status in these organisations engaged in the conduct of private economic diplomacy as representatives of the Japanese business community, by leading missions, taking initiatives in setting up business cooperation committees, and consulting with the government about tasks associated with its goals.5

At Hakone in August 1962, a meeting was held among business leaders, including Ishizaka, Uemura, Doi (Chairman of Sumitomo Chemical Co., Ltd), Adachi and others, to ensure that business leaders would follow the same objective of private economic diplomacy at the time. According to Sakaguchi, a basic course for Japan's

5. Bryant conducted studies on some so-called internationalist business leaders, such as Tadashi Adachi, Taizo Ishizaka, Shigeo Nagano, Kogoro Uemura, Yoshizane Iwasa, Kazutaka Kikawata and Ataru Kobayashi. He concluded that: 'Private economic diplomacy can thus be interpreted as a component of a business leader's activity base which serves the career interests of those who choose to be active in it'. [See Bryant, Japanese Private Economic Diplomacy, p.27.]
private economic diplomacy was agreed on at this meeting.  

All the chairmen of Keidanren, including Ishizaka (1956-68), Uemura (1968-74), Doko (1974-80), Inayama (1980-86), and Saito (1986-), were very active in private economic diplomacy. Ishizaka was called 'the prime minister of the business community' and the chairmen of Keidanren were accorded status at the top of the Japanese business community. They led economic missions as representatives of the Japanese business community, and discussed economic problems with foreign business and political leaders. They never officially represented any specific industry in Japan. During the 1950s and early 1960s when expanding markets for Japanese exports were more critical than securing the supply of raw materials, Ishizaka, the Chairman of Keidanren at that time, took a leading role in private economic diplomacy towards the United States and Europe by leading missions and raising related issues among Japanese business and political leaders.

6. At the meeting, discussions mainly focussed on how the Japanese business community would approach the United States and EEC countries in relation to discrimination against Japanese exports to these countries. Business leaders agreed that the priority in government foreign policies should be given to liberalising Japanese markets. They also agreed that it would be important for Japan to undertake orderly marketing and to increase competitiveness of Japanese export commodities in world markets by strengthening domestic industries. [See Nihon Keizai Shinbun, 22 and 24 August 1962. Also see Akira Sakaguchi, Ishizaka Taizo, Nihon Keizai Shinbun-sha, Tokyo, 1970, p.160.]
Heads of another major peak business organisation, Nissho, including Fujiyama (1951-57), Adachi (1957-69), Nagano (1969-84) and Goto (1984-87) have also been active in private economic diplomacy. However, their status in Japanese business circles was different from the Chairman of Keidanren, because of the organisational make-up of Nissho.7

Aiichiro Fujiyama8 was active in private economic diplomacy because he was a very influential businessman and was close to Prime Minister Kishi. He was later appointed as Foreign Minister. The appointment of Tadashi Adachi as one of the delegates for the signing of the revised Japan-US Security Treaty in 1960 was due to his close relations with Fujiyama and Kishi.9

7. Keidanren contains only big business and industrial associations as its members, and its operation is independent from any departments of the Japanese government. Nissho, on the other hand, is a federal organisation of local chambers of commerce and industry that contains medium and small sized firms as well as big business corporations. Nissho is organised under the legislation, Japan Chamber of Commerce and Industry Law in 1927, and MITI is the government department in charge of its operation. About one third of Nissho's budget is subsidised by MITI. Managing Directors and Directors of Nissho are often appointed from retired bureaucrats of MITI. Thus it is said that Keidanren is less influenced by MITI, and the Ministry of Foreign Affairs prefers to use contact channels with foreign countries through Keidanren than through Nissho.

8. President of Dai-Nippon Sugar Refinery. His father, Raita Fujiyama was also a very influential business leader, who was the first President of Nissho from 1922 to 1924. Aiichiro Fujiyama served as the President of Nissho from 1941 to 1946, and from 1951 to 1957. He resigned from the Presidency when he was elected as a Diet member and became the Minister for Foreign Affairs.

Shigeo Nagano, who led a 1961 goodwill mission to Australia and initiated the establishment of the JABCC, also had a powerful personality. He was called one of 'the four Gods of business community' (zaikai shitenno). He wanted to be the Chairman of Keidanren but he was not successful in this regard. Instead he devoted himself to promoting Nissho to a higher status as a peak business organisation. He made maximum use of the staff capability of the International Division of the Tokyo Chamber of Commerce and Industry, which was indistinguishable from that of Nissho. Nagano was also regarded as 'the steel industry man' (tekko-jin). His activities in private economic diplomacy were strongly connected with his interests in the steel industry. The business cooperation committees that were under the auspices of Nissho, including the JABCC, were mainly initiated by Nagano. He was called 'an expert in creating committees'.


11. The International Division belongs to both Nissho and the Tokyo Chamber of Commerce and Industry.

12. In 1957, Nagano led a mission to the United States to discuss their restrictions on the exportation of scrap iron. On iron ore mine exploitation in India, he led missions to India in 1958, 1959 and 1960. He also went to the Soviet Union in 1965 as a leader of a steel industry mission. Most of business cooperation committees initiated by Nagano were of interest to the steel industry such as those with Australia, Chile, Argentina and India.

Business leaders became more active in private economic diplomacy when they could utilise their administrative staff for this purpose. For example, in the 1960s, Iwasa, Tokusaburo Kosaka (President of Shin-Etsu Chemical Co., Ltd) and Kazutaka Kikawata (President of Tokyo Electric Power Co., Inc.) utilised their status in Keizai Doyukai. Iwasa was very keen on international activities and was a key person in relations between Japanese and American business circles. He initiated the creation of the Japan-California Association and was a leading member of the Japan-US Businessmen's Conference.

Like Iwasa, some business leaders had their 'favourite country' and were promoters of closer relations between Japan and that country. These countries were often related to their business interests. Yoshinari Kawai (President of Komatsu Ltd) was interested in the Soviet Union and China. He emphasised the importance of trade with China and the Soviet Union both of which had enormous natural resources. He also thought that trade matters should be discussed separately from political ideology. Inayama, on the other hand, was

14. Doyukai is one of the four peak business organisations, but its organised influence is weaker than the others (Keidanren, Nissho, Nikkeiren). This is due to the fact that Doyukai membership is individually based, not company or organisationally based.


In 1962, he led a mission to the Soviet Union. His involvement in private economic diplomacy resulted in successful ventures of his company with the Soviet Union.
known as a pro-China businessman before he became the Chairman of Keidanren.\textsuperscript{16}

As Bryant points out, the extent of a business leader's participation 'is not necessarily in proportion to his actual influence within the business community or government'.\textsuperscript{17} Some business leaders were particularly enthusiastic about international activities and obtaining a higher reputation through such activities. This explains why they wanted to be the leader of an overseas mission rather than just a member of it. According to Akimoto, the advantage of being a leader of a mission was much greater than being a member. Missions were often remembered by the name of the leader not by the objective of the mission, and the leader was treated like a special national guest in foreign countries. The leader of a mission was usually selected according to his age and status in the business community.\textsuperscript{18}

\textsuperscript{16} He led a mission to China and concluded a long-term contract on steel trade in 1958, although it was called off because of the Nagasaki incident. On 2 May 1958, at the Chinese Products Fair in Nagasaki, a Japanese man pulled down the national flag of People's Republic of China and upset the Chinese government. The contract that had been just concluded was immediately called off. [Yoshihiro Inayama, \textit{Watakushi no Tekko Showa Shi}, Toyo Keizai Shinbun-sha, Tokyo, pp.100-109.]

\textsuperscript{17} Bryant, \textit{Japanese Private Economic Diplomacy}, p.36.

\textsuperscript{18} Akimoto, \textit{Keidanren}, pp.237-238.
The unique atmosphere in the postwar period in Japan exemplified by business-government cooperation in the pursuit of national economic development, the hierarchically structured business community, and the strong commitment of business leaders to international activities, facilitated the evolution of private economic diplomacy. Business leaders, or so-called 'zaikai-jin' in particular, played crucial roles in conducting private economic diplomacy by representing the Japanese business community to foreign business and governments, consulting with the Japanese government about its goals and tasks associated with these goals, and developing appropriate methods of conducting private economic diplomacy by utilizing the resources of peak business organisations.

In the 1950s the government assisted the private sector in opening up communication channels with foreign countries by appointing business leaders as overseas delegates. In the meantime, the business community developed its own institutions to conduct private economic diplomacy without relying too much on government.

Special delegates for government

'Special delegates' were appointed by the government to handle political issues such as negotiating detailed plans for reparation matters, and to investigate economic
conditions in particular countries (under 'roving ambassador' schemes).

Delegates from the private sector for the settlement of reparation matters were examples of this form. In the 1950s, reparation settlements with Burma, Indonesia, the Philippines and Vietnam were a major concern in the formulation of Japanese foreign policy.19 These matters were also of interest to Japanese business, as most of the reparations were paid in the form of services aimed at promoting the industrialisation of these countries, and actually involved business dealings. In a few cases business leaders were given authorised status as official delegates, and in many cases they undertook tasks as delegates for reparation matters as well as members of economic missions. One Japanese business leader is quoted as saying that companies would set up a joint venture if it were profitable, and if it were not, the project would be undertaken at the government's expense as a reparation payment.20 Japanese business was also interested in exporting plant equipment, communication systems, vehicles, industrial machines, and military equipment. They often discussed these matters with


officials from the Ministry of Foreign Affairs, MITI, and other Japanese government departments, and even with representatives from the US Department of Defence.\textsuperscript{21}

The President of Boekikai (Japan Foreign Trade Council), Heitaro Inagaki (who was also the last Minister for Commerce and Industry, and the first Minister for International Trade and Industry) played an important role in the negotiations with Burma.\textsuperscript{22} Kogoro Uemura (later Chairman of Keidanren, 1968-1974) took a leading role in the discussion of reparations matters with Vietnam. He was appointed by the Foreign Minister to a special mission in September 1957 to visit Saigon for negotiations. A former executive staff member of Keidanren explained that the primary aim of this visit was to seek a way to expand the market for Japanese military equipment.\textsuperscript{23} In the negotiations with the Philippines, Aiichiro Fujiyama, the President of Nissho (later the Foreign Minister, 1957-1960), and Shozo Murata (former President of OSK Lines Ltd) played major roles in the negotiations.

The 'roving ambassador' (ido taishi) scheme was another way of utilizing business leaders as delegates on behalf of the government. It was employed by Prime Minister Kishi in order to obtain wider views on trends.

\begin{enumerate}
\item[] 22. 'Zadankai: biruma baisho no jicchi to keizai teikei no shomondai', pp.12-24.
\end{enumerate}
in the world economy and on regional economic problems through the eyes of business leaders. Kishi implored Fujiyama to become Foreign Minister. Both Kishi and Fujiyama were positive about utilizing business leaders as official delegates. They appointed Keizo Shibusawa (Chairman of KDD), Takeo Ito (President of OSK Line Ltd), Shozo Horita (Director of Sumitomo Bank), and Shigeo Nagano (President of Fuji Iron and Steel Co.), as well as Ataru Kobayashi (the first President of Japan Development Bank) as roving ambassadors.

These individual delegates were often appointed on the basis of personal ties between the businessman and politicians (the Prime Minister in particular). Compared with the roving ambassador scheme, the settlement of reparation matters included a much wider range of people. As well as businessmen, there were academics and Diet members appointed as delegates.


26. For instance, in the case of reparations to the Philippines, the tasks were carried out by four groups of people: official negotiators from the central organs of government; people who had a background in business and were heavily involved in the political process; people who had some relations with the Philippines through their careers before and during World War II; and people who were closely working for the Prime Minister. The tasks carried out by the second group of people, such as Yuzuru Nagano (a businessman, as well as elected Diet member and one-time Minister for Transport), Tatsunosuke Takasaki (a businessman and former Minister for International Trade and Industry), as well as Fujiyama and Murata, were called 'private economic diplomacy'. [See Yoko Yoshikawa, 'Tai-hi baisho kosho no tateyakushatachi', Kokusai Seiji, vol.75, October 1985, pp.141-142.]
Economic missions

From the late 1950s to the 1960s, economic missions became a more popular method than dispatching individual business leaders. Missions of businessmen were organised both by the government and by peak business organisations. Missions could provide opportunities for Japanese business leaders to meet foreign political and business leaders, as well as carry out tasks for the Japanese government (such as expressing Japanese opinions about import barriers to Japanese exports and explaining Japanese export and import policies).

In the August 1962 meeting in Hakone, business leaders agreed on the basic objectives of various missions. Attending this meeting were business leaders who were going to lead economic missions in that year, besides a number of government officials and academics also invited as guest speakers. Economic missions covered almost the entire globe. Many of them were initiated by business circles because of their business interests in particular regions. Some missions were sent by the government but the expenses of most of the members who joined missions were paid for by their companies. The Japanese government was required by the governments of developing countries to send missions in order to seek

possible commodities for import into the Japanese market, or to seek future investment in those areas.\textsuperscript{28}

Missions undertook a range of tasks in order to expand markets: creating a favourable climate for Japanese business abroad; attracting the attention of foreign business circles to Japanese commodities, particularly to their quality; removing obstacles to trade; and finally, gathering market information. Measures used to expand markets were different depending on whether the market targeted was for consumer goods or capital goods. Developed countries in Europe and North America were regarded as markets for Japanese consumer goods. While Japanese economic missions tried to create favourable conditions in these countries for Japanese commodities, they also needed to be concerned about how Japanese exporters could avoid problems with the domestic industries in these countries.

The EEC was established in 1957 causing Japanese business circles serious concern in case it should create obstacles to the expansion of markets for Japanese exports. In the early 1960s, Japan also started to face pressure from developed countries that wanted liberalisation of the Japanese market so they could promote exports to Japan.\textsuperscript{29} During this period, many

\begin{itemize}
\item \textsuperscript{28} For instance, the missions to Sudan in 1960, Burma in 1961, Middle East in 1961, Nigeria in 1962 and Central American and Caribbean countries in 1967, fell into this category. [See Waga Gaiko no Kinkyo, no.4, 1960, p.186; no.5, 1961, p.218; no.6, 1962, p.310; and no.7, 1963, p.264.]
\item \textsuperscript{29} Nihon Keieishi Kenkyusho (ed.), \textit{Keizai Dantai Rengokai Sanju-nen Shi}, Keizai Dantai Rengokai, Tokyo, 1978, pp.334-335.
\end{itemize}
missions visited Europe to promote Japanese exports, and some of them were sent by the Japanese government. On their return to Japan, the representatives of these missions emphasised the importance of an orderly exporting system.

Japanese trade relations with less developed regions differed from those with developed nations. South and South-East Asia in particular became important suppliers of raw materials to Japan because of the loss of China and Manchuria as major suppliers. The countries of these regions were also eager to promote their own industrialisation. Japanese business tried to participate in their development plans by selling capital goods, and the implementation of Japan's reparation agreements with these countries resulted in the promotion of exports of Japanese capital goods.

30. From October to December 1958, a mission led by Sasabe (President of the Nagoya Chamber of Commerce and Industry) visited twelve European countries to investigate the possibility of exporting goods to European markets. [See 'Zadankai: kotenshitsutsuaru keizai josei to boeki no shinro', Keidanren Geppo, vol.7 no.1, 1959, pp.25-35.] In October 1962, three Japanese missions visited Europe. One of the missions to the EEC led by the Chairman of Keidanren, Ishizaka, was sent by the Japanese government. This action by Japanese business and the Japanese government actually reflected concerns about the move of the United States to favour European business with the introduction of the Trade Expansion Act. [Taizo Ishizaka, 'EEC Kakkoku ni tsukaishite', Keidanren Geppo, vol.10 no.12, 1962, pp.2-3.]

In 1964, the Japanese Foreign Ministry planned economic missions of business leaders to Europe, Canada, Eastern Europe, South East Asia, Latin America, and Oceania (Australia and New Zealand). [See The Japan Economic Journal, 9 June 1964.]
The missions for raw materials were often initiated by the leaders of industries that needed specific raw materials. The steel industry was especially active in sending missions to obtain secure supplies of iron ore and coking coal. Japan's steel industry, encouraged by the Japanese government, had been growing strongly as the major export sector toward the end of the 1950s. As will be argued in the next section, they were eager to develop new supplies of iron ore because a shortage was expected. Initiative for a mission to Australia was also taken by the steel industry, responding to the Australian government's announcement that it was lifting the embargo on iron ore exports.

Business cooperation committees

A number of business cooperation committees were established in the early 1960s after exchanges of economic missions. Most of the committees set up at this time were with developed countries, such as the United States, Australia, Canada, France, Italy and Britain.

The JABCC and the JABCC were set up after the visit of a Japanese goodwill mission to Australia in 1961. The mission was significant for opening up communication channels with the Australian business community to expand

31. In 1950, cotton textiles comprised 25 per cent of Japan's total exports and steel represented 9 per cent. In 1960, the share of cotton textiles decreased to 8.7 per cent but steel maintained its share at 9.6 per cent. [See A. Koizumi and M. Shinohara, Nihon Keizai Taikei, vol. 4, Seirin Shoin Shin-sha, Tokyo, 1965, pp.27-28.] Steel exports rapidly increased towards the end of the 1960s.
Japanese business opportunities in Australia, as well as for considering iron ore purchases specifically. The members of the 1961 goodwill mission to Australia and the original members of the JABCC represented Japanese business at the highest level (zaikai), and carried out tasks that were important for developing the overall Japanese economy. The JABCC was the first successful case where the Japanese business community institutionalised a communication channel with a counterpart business community at the national level.

The United States was regarded as the most important market as well as a resource supplier to Japan. Maintaining close ties with the United States was at the top of the political agenda, and this goal was strongly supported by the business community. Japanese business circles were, therefore, very enthusiastic about setting up a joint committee with business leaders in the United States in order to build formal, direct channels between the two business communities. At the end of 1950s, Japanese business leaders set up a committee in Japan to consider economic relations with the United States, and also approached American business leaders suggesting they set up a counterpart committee. However, this attempt

32. When Foreign Minister Fujiyama visited the United States in 1957, business leaders set up a Cooperation Committee with the United States (Tai-Bei Godo Iinkai) in Japan and in 1958 the Committee was reconstructed as the Cooperation Committee on Trade with the United States (Tai-Bei Boeki Godo Iinkai), consisting of representatives of Keidanren, Nissho, and Boekikai, and some other business leaders and academics. [In 1971 this committee was reconstructed again as the Japan-United States Economic Council, independent from any business organisations.] In 1960, Japanese business
to set up a joint committee did not succeed, partly because of lack of enthusiasm on the United States side, and also because of lack of influence of the centralised business organisations in the United States. Instead, Japanese business organisations decided to invite American business leaders to Japan.\textsuperscript{33}

In 1961 the Japanese and United States governments set up a Joint Committee on US-Japan Trade and Economy (Nichi-Bei Boeki Keizai Godo Iinkai) and held a joint meeting. Business circles in Japan invited representatives from US business circles and held the first Japan-US Businessmen's Conference at the same time.\textsuperscript{34} It seems, however, that Japanese business circles were not successful in keeping close contacts with American business circles as a whole. American business circles had no strong centralised organisation like the Japanese.

Several committees were also set up with European countries after the dispatch of various missions to Europe. During the visit of one of the missions in 1962, a business cooperation committee was established with Italy.\textsuperscript{35} The Keidanren mission to the EEC countries in

\begin{flushright}
representatives examined the possibility of creating a Joint Committee when Tadashi Adachi (President of Nissho) and Teizo Horikoshi (Director-General of Keidanren) visited the United States as members of the Japanese delegation to sign a renewal of the United States-Japan Security Treaty.
\end{flushright}

\textsuperscript{33} Nihon Keiishiki Kenkyusho (ed.), \textit{Keizai Dantai Rengokai Sanju-nen Shi}, p.250.

\textsuperscript{34} \textit{Ibid}.

\textsuperscript{35} 'Zadankai: sekai keizai no naka no nihon', \textit{Keidanren Geppo}, vol.11 no.1, 1963, pp.16-32.
1965 resulted in the creation of a business cooperation committee between Japan and France. In addition the first Japan-Britain Businessmen's Conference was held in Tokyo in 1965.\textsuperscript{36} Canada was regarded generally by Japanese business circles as a part of the North American export market. The Japan-Canada Businessmen's Conference launched in 1962 was also initiated by Japanese business leaders' visits to Canada.\textsuperscript{37}

Securing Raw Materials for the Steel Industry

The Japanese government assisted the development of the steel industry as the main industry in Japan in the 1950s and 1960s. It was considered vital to the overall Japanese economy. After the Australian government decision on lifting export embargo of iron ore, Australia was regarded as the most promising and reliable supplier of iron ore to Japan. The main motivation of the 1961 mission to Australia was iron ore procurement, although the mission represented a wide range of Japanese business interests. Nagano's leadership clearly indicated the mission's interests in Australian iron ore.

Nagano's role was crucial to the development of Japan's private economic diplomacy with Australia. As an influential business leader, he could communicate


effectively with other business leaders representing different industries who were also interested in business with Australia. He was also able to utilise the staff of peak business organisations for administering international matters because of his high position in these organisations.

Securing raw materials was recognised as a primary requirement for the development of Japan’s steel industry. At this time the Japanese mills, unlike the big steel producers in the United States, could not afford to develop captive mines because of the priority given to investments in plant and equipment. Finding new suppliers of raw materials was a major concern of steel companies and the Japanese government. Missions of businessmen and engineers representing steel industries were dispatched to the Philippines, Malaya, India, Canada, Australia and the United States in the latter half of the 1950s.

Feelings of insecurity resulting from raw material shortage fostered the establishment of a Committee on Overseas Raw Materials for the Steel Industry (Kaigai Seitetsu Genryo Iinkai) in 1952, which played an important role in conducting private economic diplomacy of the steel industry. The establishment of the committee facilitated the cooperation in raw materials purchase among the mills. This committee was initiated


by Watanabe, the President of Yawata Iron and Steel Co. and contained top businessmen from the Japanese steel industry. The committee's main concern was with the shortage of iron ore.\textsuperscript{40}

In the late 1950s, the demand for iron ore increased significantly. Traditionally the main source of iron ore came from Malaya, the Philippines and North America. In the late 1950s this shifted to India, South America, and South Africa. The high cost of transportation and wages were the main reasons for the shift from North America. Iron ore deposits in Malaya and the Philippines were virtually exhausted.\textsuperscript{41} At this time, it was not certain whether Australia could be a possible supplier of iron ore, because of the Australian government's embargo of iron ore export. Because of the rapid growth of the steel industry, it was feared that the supply of iron ore from the developing mines in India would not be enough. Some long-term contracts on a small scale were concluded between Japanese steel mills and mining companies in Chile, Peru, Brazil, Swaziland and South Africa. Tanabe, who was head of the raw material section of Fuji Iron & Steel, and who played a leading role in purchasing raw

\textsuperscript{40} The committee considered many aspects of securing iron ore procurement, including increasing supplies and reducing the cost of supplies from existing mines and new overseas mines; construction plans for bulk shipping of iron ore; developing more efficient transport infrastructure in exporting countries such as port facilities and railways; and the dispatch of missions overseas to investigate mines. [See Tanabe, \textit{Nihon Tekko Genryo Shi}, vol.1, p.23.]

materials for the Japanese mills, recalled that he had asked Nagano whether the Japanese steel mills should get involved in more iron ore projects in Africa. Nagano, in his answer to Tanabe, suggested that if Tanabe could guarantee that Australia would not lift the embargo on iron ore for the next ten years, the mills should seriously consider large scale purchases of iron ore from Africa on a long-term basis. 42

Before the Australian government lifted the embargo, Japanese business leaders continuously raised the iron ore export issue whenever they had occasion to meet Australian business leaders and government officials. For instance, when the president of the Joint Coal Board led a mission to Japan, Nagano explained to the delegates the extent of Japanese interest in importing iron ore from Australia. Nagano also asked them to take the iron ore matter to appropriate leaders in Australia. 43 Horie, the President of Bank of Tokyo, also raised the iron ore issue with the Australian government when he saw McEwen in relation to the opening of branches of Japanese banks in Australia. Horie was asked by the Minister for International Trade and Industry, Takasaki, to mention the iron ore issue during his visit to Australia. 44

In December 1960, the Australian government lifted the embargo on iron ore exports, and the Japanese steel

42. Tanabe, Nihon Tekko Genryo Shi, vol.1, p.304

43. 'Zadankai; koten shitsutsuaru kaigai josei to boeki no shinro', Keidanren Geppo, vol.7 no.1, 1959, pp.33-34.

44. Personal interview, 30 March 1987, Tokyo.
industry quickly prepared for imports from Australia. The comparatively short distance between Australia and Japan promised lower iron ore import costs than those from the eastern coast of North America, South America, and South Africa. Immediately after the Australian government's announcement, the Presidents of Fuji and Yawata Steel Companies jointly sent an invitation to the Minister for Mines in Western Australia, Arthur Griffith, to visit Japan. Griffith, as well as Charles Court, the Premier of Western Australia, were heavily involved in the development of iron ore deposits in Western Australia and in the promotion of its export to Japan. Griffith led a mission to Japan in February 1961.

The mission met representatives from the Japanese mills and discussed Japan's iron ore importation from Western Australia. The Japanese mills' views on iron ore importation from Australia were summed up in a report about this meeting made by a businessman from Western Mining Corporation. The report stated that:

1) They [Japanese mills] are interested in long term purchase of iron ore from Australia.
2) They desire to negotiate any purchase on a joint basis.
3) They are prepared to enter into long term contracts.
4) They are prepared to pay ruling world prices.
5) They have made clear to the Mission that the Japanese trading companies have nothing to do with any Australian iron ore purchase negotiations.  

45. 'Progress report on iron ore export discussion in Tokyo', 5 February 1961, Western Mining Corporation (WMC) Records, GOJV, File 1.
As the last clause of the report indicates, there was confusion amongst Australian businessmen about who should be approached in order to negotiate iron ore contracts. Before the Australian federal government lifted the embargo of iron ore exportation, some Japanese trading companies had already approached Australian mining companies to prepare to start negotiations immediately in case the embargo should be lifted.46 Following the visit by State Minister for Mines, Griffith, Nagano led a goodwill mission to Australia and New Zealand from the Tokyo Chamber of Commerce and Industry in March 1961.47 This mission resulted in the creation of the JABCC and the AJBCC as well as laying the foundation for negotiations about iron ore contracts.

India was identified as a promising supplier of iron ore in the 1950s.48 The approaches to India taken by the Japanese business community also reflected the interests of the steel industry. Compared to the Australian case, the Japanese approach to India did not develop as communication channels with India for Japanese business across sectors. India was a developing country and as such business opportunities for Japan were limited to big

46. Some memoranda circulated in Western Mining Corporation showed that Gosho and Mitsui already approached it in 1960. [WMC Records, GOVJ, File 1.]


48. In 1950, 14,000 tons of iron ore were imported to Japan from Goa under barter trade. The first loan from the Japan Export Import Bank (the Japan Export Bank until 1952) after its establishment was arranged in 1951 for modernising a mine in Goa.
machinery and plant exporters with other sectors unlikely to expand their business. The missions sent to India were basically undertaken by the steel industry, with prior consultation with the Japanese government. Exchange of missions and commencement of trade also resulted in the creation of the Japan-India Business Cooperation Committee in 1967 on the initiative of Nagano.

When the Chairman of Keidanren led an industrial mission to India in April 1952, the possibility of long-term iron ore importation from India was discussed with the Indian government. Exploitation of Indian iron ore was also related to United States policies on Japan. Exploitation of Indian mines was discussed between Japanese business leaders of the Japanese steel industry and American officials. In 1958 the agreement on the exploitation of iron ore in India was concluded. In


50. The United States believed Japan to be a key actor in the development of South and South East Asia and act as a bulwark against communism in the region.

51. When the mission to the United States was led by Nagano and Inayama (Managing Director of Yawata Iron & Steel Co., later Chairman of Keidanren), the matter of exploitation of Indian iron ore, by way of use of the United States President's Fund, was also raised at these meetings. The primary aim of this mission was to negotiate with the United States government the import of steel scrap, the export of which the United States government was about to restrict. [See Nihon Tekko Renmei, Sengo Tekko Shi, Nihon Tekko Renmei, Tokyo, 1959, p.215.]

52. It agreed on an Indian investment of $17 million, a Japanese investment of $8 million and $25 million from the United States President's Fund. The Japanese steel industry also agreed to purchase 2 million tons per year for 10 years.
order for this project to be realised, the Japanese steel
industry sent various missions to India. These missions
contained not only representatives from the steel mills,
but also Japanese government officials from MITI, the
Ministry of Foreign Affairs, the Ministry of Finance and
the Ministry of Transport and specialists on railway and
port construction.\(^{53}\)

Private economic diplomacy to India on the iron ore
issue, in comparison with the case of Australia, involved
a strong commitment from the Japanese government. Close
consultation between the steel industry and the Japanese
government was required because the Japanese needed to
arrange financial assistance to India for the
exploitation of new mines. Administration relating to
the dispatch of missions was mainly done by businessmen
from steel mills and the staff of the Japan Association
of Iron and Steel Industry. India was a developing
country and had limited potential as a market for
Japanese exporters apart from capital goods. Moreover,
exports of these required the arrangement of loans from
Japan.

Australia, on the other hand, was a developed
country, and Japanese business circles thought there were
bigger possibilities for expanding business. Once the
embargo on iron ore export was lifted, the contracts of
iron ore and the exploitation of new mines did not
require the Japanese governments' involvement. Formal
channels between the two business communities were to be

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established basically for the purpose of familiarising business leaders with each other and expanding business opportunities. Regarding Australia as a potential market, business leaders from a wide range of sectors joined the collective approach to formalise communication channels with the Australian business community.

Iron ore was, at this time, more important than coal. In the latter half of the 1950s, however, Japan became more and more dependent on imports of coal, despite Japanese government assistance to the domestic coal mining industry. The main supplier of coal was the United States (80 per cent in 1958), but in the 1960s, imports shifted from the United States to Canada, Australia, the Soviet Union and Poland. Coal imports from the United States decreased to 47 per cent of total coal imports in 1964.54 From the end of the 1950s, coal imports from Australia increased rapidly.55

Australia had been interested in expanding its coal exports to Japan since about 1954.56 In 1958, a coal


55. In 1958, 79.1% was imported from the United States, and only 6.6% was Australia, 8.7% from the Soviet Union, 0.2% from Canada and 4.0% from China. In 1963, coal imports from the United States decreased to 54.6% and imports from Australia increased to 29.8% Canada to 5.8%. [See Sabro Tanabe, Nihon Tekko Genryo Shi, vol.2, Sangyo Shinbun-sha, 1983, p.119.]

56. The first coal imports from Australia after World War II were from Nattai Bulli (New South Wales) and Wollondilly (New South Wales) in 1955, and in 1956 another ship arrived from Newdell (New South Wales). The first imports on a long-term contract basis started in 1958.
inspecting mission from Japanese steel mills was sent to Australia. In the same year, the President of the Joint Coal Board visited Japan to seek expansion of the Japanese market for Australian coal. In 1960, the Minister for National Development, Spooner, the New South Wales Mining Minister, Simpson, and the Queensland Mining Minister, Evans, visited Japan separately on the matter of coal exports.

In 1958, the Japanese steel industry sent missions to investigate possible coal exploitation in Alaska and Canada, as well as in Australia. It was hoped that higher quality and lower cost coal would be obtained in the future, although this was not as desperately needed as iron ore. In the 1960s, coal imports were further increased owing to the low productivity of domestic coal mining and the continued growth of the Japanese steel industry. In 1961, coal imports on a long-term contract base from Moura (Queensland) started. This was the first Australian coal mine specially developed for export to Japan.

The Japanese steel industry formed cooperative mechanisms for seeking the supply and purchase of raw materials. The establishment of the Committee on Overseas Raw Materials for the Steel Industry was one

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58. Ibid., pp.432-434.
such mechanism established by the steel mills. The major negotiations for long-term contracts of iron ore and coking coal were carried out by Fuji and Yawata Companies on behalf of other steel mills, with one or a few trading companies appointed by the mills as their partners. After Fuji and Yawata merged into Nippon Steel in 1970, most of the negotiations for raw materials were conducted by Nippon Steel. In addition, Japanese steel mills worked together to improve shipping conditions for raw materials. In 1955, under the Committee on Overseas Raw Materials, a Sub-committee on the Study of Special Shipping Vessels was created, and in 1958 member companies set up a joint shipping company in order to finance construction and maintenance of special bulk ships for iron ore transportation. This cooperative approach facilitated the conduct of private economic diplomacy by the steel industry.

The collective approach to foreign countries taken by the Japanese steel industry can be classified as private economic diplomacy by a specific industry (gyokai). As the Australian case showed, however, it


62. Nippon Steel was in charge of negotiations for iron ore import contracts with the mining companies in Australia and India, and coking coal import contracts from Australia, China, and Soviet Union. The negotiations on coking coal from Canada and iron ore from Chile were undertaken by Nippon Kokan. Other cases such as the negotiations on coking coal from the United States, iron ore from Goa (ex-Portuguese colony in India) and from Peru were undertaken by individual mills. [Personal interview on the phone, 28 September 1987.]

could extend to higher levels of the business community (zaikai level) and absorb issues from other sectors. The representative body of the steel industry in Japan was the Federation of Steel Industry, one of the most well organised and influential pressure groups in Japan. Its interests were supported even by business leaders in other sectors and government officials because the industry was regarded as the main industry for Japan's economic development. In this situation, leaders of the steel industry found themselves leaders of the Japanese business community as a whole, and the interests of the steel industry were treated at zaikai level.
OUTCOME OF THE 1961 GOODWILL MISSION

The Japanese goodwill mission to Australia in 1961 resulted in two different avenues of communication being established between business circles of the two countries. Firstly, it laid the groundwork for further negotiations on trade in raw materials for the Japanese steel industry. Missions representing the steel industry were dispatched after the return of the goodwill mission. Since the negotiations concerned the specific interests of the steel mills, the follow-up work was administered by steel industry organisations at the industry (gyokai) level. Secondly, the 1961 mission provided the basis for institutionalising communication channels between the two business communities in the form of the AJBCC and the JABCC. The operation of the JABCC was carried out at a higher level of the business community (zaikai level) than the steel industry links. The early foundations of the AJBCC and the JABCC were very much determined by the 1961 goodwill mission.

A detailed examination of the mission's activities reveals the motivating factors behind the mission and the creation of the AJBCC and the JABCC. The first part of this chapter outlines the major objectives and actual activities of the missions. The second part outlines the steps taken by the Japanese steel industry for iron ore purchase from Australia after the return of the 1961
mission. Also discussed are the approaches by Australian companies to the Japanese steel mills. The last section examines Australia's response to the mission's proposal to set up business cooperation committees, and the actual process of establishing the AJBCC and the JABCC.

The 1961 Goodwill Mission to Australia

In February 1961, a goodwill mission from the Tokyo Chamber of Commerce and Industry left Japan for Australia and New Zealand. The mission was led by Nagano and contained business leaders of various industries, as well as their wives. Most of the members were Presidents of companies, including Inayama (Yawata Iron & Steel Co.), Anzai (Showa Denko K.K.), Iwasa (Fuji Bank), Fujiyama (Dainippon Sugar Refining, former Foreign Minister), Niizeki (Mitsui & Co.). The mission took messages and letters of introduction from Prime Minister Kishi and Foreign Minister Kosaka to the Australian Prime Minister Menzies and the New Zealand Prime Minister Holyoake, and from the International Trade and Industry Minister Shiina to the Australian Trade Minister McEwen and the New Zealand Commerce and Manufactures Minister Marshall.

1. Among the 28 members, 2 were from steel and metal industries, 5 from the machinery industry, 9 from trading companies, 3 from banks, 3 from the mining industry, and one each from cement, chemical, textile, wheat refining, sugar refining and shipping companies [Kaigisho Nyusu, 9 February 1961. Also see Appendix 5.]

The primary purpose of the visit was to respond to the Australian government's policy change on the export of iron ore. In addition Japanese business leaders regarded Australia and New Zealand as potential markets for Japanese exports. During the visit to Australia, the delegates met with various politicians including McEwen, the Trade Minister; Spooner, the National Development Minister; and Griffith, Western Australian Minister for Mines, and many business leaders. They visited the BHP steel mills in Port Kembla, the Snowy Mountains Scheme that was under construction, as well as major commercial and administrative centres of Sydney, Melbourne, Canberra, Perth, and Brisbane. 3 Members of the mission, particularly Nagano, enthusiastically discussed the export of iron ore and coal to Japan with Australian political and business leaders. Nagano suggested to his Australian counterparts that a joint project should be set up for the exploitation of iron ore, giving them a guarantee that Japan would have the capacity to import all of the iron ore produced. 4 He also sought opportunities for increasing Australian coal production, offering Japanese investment for the construction of the necessary infrastructure. 5 During his visit to Western Australia, Nagano lobbied for a Japanese steel mission to visit Western Australia, in order to launch iron ore

3. Ibid.
trading. The first steel mission was sent in May 1961.6

The creation of the Business Cooperation Committee was proposed by the Japanese mission when they saw Anderson, the Director of ACMA in Canberra, Connell, the President of ACCA (Associated Chambers of Commerce of Australia) in Canberra, and in Melbourne, Curphey, Executive Officer of the Melbourne Chamber of Manufactures.7 At this time, the Japanese side was not aware that ACMA and ACCA were confronting each other over their different views on trade and tariff policies, particularly towards Japan. The goodwill mission approached ACMA and ACCA, both of which were regarded as national bodies of businessmen like Nissho.8

The draft proposed by the Japanese mission clearly indicated that the Japanese side wished to open up a communication channel with the Australian business community by organising opportunities for business leaders of the both countries to gather regularly. The proposal included three of the committee's objectives: to create a forum in which businessmen from both countries could discuss relevant issues frankly (for example, import restrictions and import tariffs); to exchange accurate and fair information about demand for, or business dealings in, particular commodities (instead of exchanging information through trading companies); and to hold a conference between businessmen of the two

countries every year or every two years. The Japanese delegates were anxious about whether the Australian business leaders would respond favourably to the Japanese proposals. The Japanese side understood that Australians, particularly ACMA, were sensitive about the import of Japanese consumer goods, and that some Australians were hostile towards Japan because of World War II.9

Collective Approaches for Iron Ore Purchase

After the return of the goodwill mission, the steel industry sent three investigation missions to Australia, in 1961, 1962 and 1964. Following the preparatory studies by these missions, 'for two years from the end of 1963 to 1966, the Japanese steel industry was devoted to the negotiations on contracts of iron ore importation from Australia'.10

The first mission in 1961 contained three groups: a management group, an iron ore group and a coking coal group. The mission studied three mines in Tallering Peak, Mt. Goldsworthy, and Wilgiemia for which the Western Australian government invited tenders, and ports in Port Headland and Geraldton. The mission concluded that Mt. Goldsworthy would be the most likely candidate as Tallering Peak only had a small iron ore deposit.11

In 1961 and 1962, more mines were introduced to the Japanese steel industry, and a second mission was organised in June 1962 to investigate the mines in Mt. Newman, Robe River, Koolanooka, Ponpeys Pillar, Windarling, Mt. Jackson, as well as Tallering Peak and Mt. Goldsworthy. In November 1962, Morgan, General Manager of Western Mining visited Japan and presented an offer on the contract of iron ore from Koolanooka. Around the same period, contracts on iron ore imports from Mt. Goldsworthy and Hamersley were also discussed in detail. Heads of Australian mining companies visited Japan one after the other, and made competitive offers to the Japanese mills. In June 1963 the Japanese steel industry accepted the offer from Western Mining. In December of the same year the first contract on long-term iron ore import from Western Australia was concluded, although the Japanese steel mills did not find it an especially attractive offer. The main motivation for the Japanese mills in concluding the contract at this time was, according to Tanabe, that they needed to show appreciation of the iron ore exportation from Western Australia in some way in order to facilitate future purchases. The Japanese mills valued the efforts made by the Western Australian government in lobbying the federal government to lift the iron ore export embargo.

12. At this time, the Japanese steel industry was generally in a slump as well, so it was not particularly good timing to conclude a new contract for iron ore purchases.

13. At the iron ore negotiations between Western Mining Corporation and Committee for Overseas Iron and Steel Making Raw Materials on 17 December 1962, the
In 1964, a third mission was organised in order to inspect the development of iron ore exploitation in Western Australia, following the rapid increase in offers from various mining companies to the Japanese mills. The mission reported that three mines in Mt. Goldsworthy, Hamersley and Mt. Newman were worth considering in relation to long-term contracts. In December 1964, the Committee on Overseas Raw Materials for the Steel Industry held a meeting and decided that: 1) the mills would accept long-term contract offers from Mt. Goldsworthy and Hamersley and conclude contracts; 2) they could reconsider the offer from Mt. Newman and continue negotiations; 3) the companies interested in importing pellets from Savage River would share investigation costs and undertake further investigation; and 4) they would wait for the final offer from Robe River.14

Japanese mills stressed that the price offered by Western Mining was too expensive, and they could not reach agreement. ['Minutes: conference of Western Mining Corporation, the Hanna Mining Company, and the Japanese steel mills', 17 December 1962, WMC Records, GOJV, File 1.] After the meeting, Tanabe had a private meeting with Morgan and suggested that 'another visit by Mr. Griffith would help him to bring the other mills into line'. ['Summary of final discussions with steel mills representatives', 17 December 1962, WMC Records, GOJV, File 1.] In December 1962, an invitation was sent to Griffith by the Chairman of the Committee for Overseas Iron and Steel Raw Materials, and Griffith visited Japan in February 1963. [Correspondence, December 1962, WMC Records, GOJV, File 1.] Meanwhile, Western Mining also approached Griffith and explained their situation with the Japanese mills. [Transcript of phone conversation, 19 December 1962, WMC Records, GOJV, File 1. Also see Tanabe, Nihon Tekko Genryo Shi, vol.1, pp.362-363.]

The Australian mining companies were competing with each other to sell their product. Certainly the Australian government was heavily involved in the development and exportation of mineral resources, but the mining sector was not united vis-a-vis their own government or foreign business communities.

For example, on the issue of iron ore exports to Japan, Australian mining companies competed with each other and there was no cooperation in terms of pricing iron ore or approaching the Western Australian and the federal government. In 1962, Western Mining Corporation, Mt. Goldsworthy Mining Associates and Hamersley Iron Pty Ltd made offers to the Japanese mills. Western Mining had close contacts with the Western Australian Minister Griffith and concluded the first iron ore contracts with the Japanese mills with his support. The Western Australian government as well as Western Mining Corporation were quite eager to lift the embargo and continually lobbied the federal government. On the other hand, CRA which held a 60 per cent share of Hamersley Iron, offered the Japanese mills a much lower price than Western Mining. CRA argued that 'the surest way of achieving the maximum market for Western Australian iron ore is to give them [Japanese mills] what they want [free

15. Ibid.
choice of different types and prices of iron ore] and that the Western Australian government should have supported the development of the deposits that the mills selected. BHP opposed the removal of the embargo in the early 1960s and also opposed the signing of contracts between Hamersley and the Japanese steel mills because the prices were too low. CRA headed by Maurice Mawby, therefore, 'had to cope with BHP and Western Mining, which had joined forces against Hamersley to lobby McEwen [Minister for Trade] and were suggesting that Hamersley was ruining the iron ore price for other producers'.

The goodwill mission led by Nagano and the subsequent missions by the steel industry laid the foundation for a strong commitment on the part of the Japanese steel industry to negotiations on iron-ore contracts with Western Australia mines in the 1960s. The mission also facilitated the establishment of formal channels of communication between the Japanese and Australian business communities. The Japanese business community did not face any difficulties in setting up the JABCC, although the initial approach to Australia reflected the steel industry's interests. This was due, as discussed earlier, to the need to secure raw materials that were essential to the development of the Japanese economy. Moreover, the steel industry had well-organised

18. 'Draft of CRA typescript', undated 1963, Sir Maurice Mawby Papers, 60/20/2.


20. Ibid., p.68.
bodies representing the interests of a number of mills, which conducted private economic diplomacy and organised collective action to influence the Japanese political process. Nagano was also one of the most influential zaikai-jin.

On the other hand, the Australian side did not have a mechanism to coordinate a cooperative approach to Japanese business circles. Big enterprises in the mining sector, many of which were joint ventures with British and American companies, were competing with each other to conclude long-term contracts on mineral resources with Japanese business. The manufacturing sector, which initiated the creation of the AJBCC, was apprehensive about expanding trade with Japan. Thus, the Australian business community did not have a firm basis on which to conduct private economic diplomacy when Japanese business leaders approached them collectively in the early 1960s. The creation of a body of businessmen across sectors, like the AJBCC, was a very new experience for Australian business circles.

Formation of the AJBCC and the JABCC

In mid-1961, the Australian side immediately went to work to organise the committee proposed by the Japanese mission. The mission proposed the idea of a cooperative economic committee to two competing Australian business organisations (ACMA and ACCA) and as a result, a power
struggle ensued between the two organisations over issues such as membership and administration. ACMA and ACCA had conflicting views on Australian import restrictions, and this led to a 'war'\(^21\) between them on the matter. ACMA had always supported restrictive import policies, particularly high import tariffs, as the most appropriate method of protecting domestic manufacturing sectors, and had been a leader in opposing the import of cheap consumer goods from Japan. ACCA, on the other hand, opposed high tariffs.

**ACMA's attitudes to Japan**

ACMA was a militant opponent of the Australia-Japan Commerce Treaty and pressed the Australian government to lift its most-favoured-nation treatment of Japan.\(^22\) In

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\(^{21}\) For instance, Sun reported the disputes between ACMA and ACCA on a new import policy in 1962, under the heading "War" again over Import Controls', Sun, 20 July 1962.

\(^{22}\) For example, at the ACMA Executive Committee Meeting in August 1957, a resolution was made which was strongly cautious about the conclusion of a Treaty. It stated that:

The Associated Chamber of Manufactures of Australia...having studied the text of the Australian/Japanese Trade Agreement and being sensible of the dangers inherent in the document now desires to warn the Government of the effects inevitable on its application... ACMA reviewed the implication of the Australian/Japanese Trade Agreement and remained unconvinced and unsatisfied. It appears to ACMA that Japan has successfully blackmailed Australia. Once blackmailed, the victim becomes all the more vulnerable to repetitive demands. We believe that Australia has become such a victim and has weakly acquired in paying the demand in full. [ACMA Executive Committee Meeting Minutes, 29 August 1957, CAI Records, Z196, Box 12.]
April 1960, ACMA suggested that the Australian government should introduce a 'peril points procedure'. This procedure would enable an immediate response to any potential Japanese threat to Australia's domestic manufactures. The paper that ACMA sent to McEwen revealed how concerned ACMA was about the inflow of Japanese goods:

The history of negotiation between the Industry Panels of ACMA and the Government demonstrates that emergency action of limit imports from Japan will not be taken by the Government until damage has occurred.

This has been our experience even with the warning available from import licensing statistics. The situation will of course be so much the worse if, despite our protests, the Government decides to rely on statistical information other than licensing statistics to "watch" Japanese trade.

One possibility which is being explored by ACMA is the introduction of "peril point" at which interim emergency action would be taken immediately by the Government.

This is to say, once imports from Japan reached a certain level (in conjunction with total imports) then quotas or prohibitive duties are immediately introduced by the Government...23

However, this proposal was not accepted by the government.

Further, in May 1961, ACMA launched a 'Buy Australian' campaign to 'convince Australian consumers

Also see, Tsokhas, A Class Apart? p. 9; and Nobuhiko Ushiba, 'Nichi-go tsusho kyotei no seiritsu to sono igi', Keidanren Geppo, vol.5 no.9, 1957, p.32.

that they could most effectively maintain and improve their living standards by showing preference for Australian goods'.

The Director of ACMA, Anderson, enthusiastically promoted protectionist views through newspaper publications, government departments and their ministers, particularly McEwen.

After the United Kingdom showed interest in joining the European Common Market, ACMA as well as other sections of Australian business supported the promotion of trade with the Asian region. As Anderson said, Australian manufacturers were keen to develop the Asian market because of economic growth trends and prospects in these countries.

ACMA opposed the concept of a Common Market in Asia and the Pacific, which was often mentioned in Australian business circles around 1960. ACMA regarded the Asian region as an expanding market for Australian manufactured goods. Yet it did not welcome the concept of an Asian Common Market, because it would include Japan whose exports would be much more competitive than Australia's. ACMA released a press statement in January 1960 that said:

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25. Anderson's close contacts with McEwen and Alan Westermen (Secretary of the Department of Trade and Industry) is pointed out, for example in Matthews, 'Australiam Pressure Groups', p.451. His activities also can be documented in CAI Records and R.W.C. Anderson Papers.

Strong rumors are circulating in Canberra that Japan is "pressurizing" USA, Canada and Australia to form a Pacific Economic Union... Unions of that kind [European Common Market] can only be of value if the individual members all enjoyed similar living standards and comparable wage structures. This is clearly not the case with the groups of countries mentioned.

Australia might be better advised in giving thought to an economic union between Australia and New Zealand as was first envisaged by Australian manufacturers as long as ago 1888.27

In December 1961, ACMA again published an article in its journal, Canberra Letter, opposing the idea of an Asian Common Market. The article claimed that suggestions for a Common Market including Japan, New Zealand and Australia showed a lack of appreciation of the true situation in Japan. It emphasised that Japan was a low cost producer and suggested that rather than joining with Japan in a Common Market, Australia should maintain effective machinery to regulate Japanese exports that were in competition with Australia's domestic industries.28

ACMA's involvement and Anderson's initiative

Considering that ACMA was very cautious about the increase of Japanese exports, it was surprising that it showed such strong interest in initiating the formation of the AJBCC (at this stage, it was named the Australia


Japan Economic Committee). In fact, it was R.W.C. Anderson, Director of ACMA, who initiated the formation of the AJBCC. His motivation can be explained by his career as a business lobbyist rather than his leadership of the business community in the sense of zaikai-jin. Anderson was a well-known lobbyist, who was called 'the prince of lobbyists', and later 'the king of lobbyists'. He saw the operation of the AJBCC as a vehicle to increase his reputation as a lobbyist serving manufacturers' interests. As the Director of the ACMA, his principle role was to provide relevant information to members and to protect manufacturers' interests. He argued that meetings of organised committees among Australian and Japanese business leaders 'could prove of great value in safeguarding Australian industry in encouraging the channelling of overseas investment and into directing imports to the gaps in Australia's industrial structure'.

The AJBCC was expected to operate as a useful channel of communication with the Japanese exporters, and to represent Australian manufacturers' views on imports to the Japanese side.

In the process of forming the AJBCC, ACMA certainly did not want to let ACCA that was supporting the promotion of trade with Japan, control the committee. ACMA may also have expected that the formation of the committee could promote Japan's capital and technical cooperation with Australia's industries. ACCA, on the

29. ACMA Executive Committee Meeting Minutes, 24 August 1961, CAI Records, Z196, Box 12.

30. At the press conference before the first joint
other hand, did not want to be left out.

Both ACCA and ACMA moved quickly towards the establishment of the committee. The draft for the committee's creation proposed by the Japanese mission was distributed by ACCA to the chambers of commerce in state capital cities, and the matter was discussed in ACCA in April 1961. Anderson visited Japan in July 1961, and the matter was discussed with Japanese industrialists during his visit.

The Japanese draft proposal originally seemed to suggest two courses of action. One was to establish a single committee between Australia and Japan, and the other was to set up two similar committees in both countries. When Anderson was in Japan, the latter alternative was chosen, the plan being to create two separate committees, one in Japan and one in Australia, and to hold regular meetings between them. At an ACMA Executive Committee Meeting after Anderson's report on the matter, a great deal of discussion was held among

meeting between the AJBCC and the JABCC, the President of the AJBCC raised the issue of Japanese investment in Australia. [See Nihon Keizai Shinbun, 14 May 1963.]


33. Dobson, Associated Chambers of Manufactures of Australia, p.184.

34. ACMA Executive Committee Meeting Minutes, 24 August 1961, CAI Records, Z196, Box 12.
executives. It was then decided that Anderson should explore the possibility of setting up a committee that would include industry representatives nominated only from ACMA.\(^{35}\)

Towards the end of 1961, ACMA asked the Japanese side to agree to the idea of an Australian committee that would comprise only manufacturers. This was not, however, acceptable to the Japanese side.\(^{36}\) Neither did ACCA support this proposal.

ACMA then tried to keep the presidential seat of the committee for the President of ACMA, and hoped to set up the secretariat and the director-general's position within ACMA's administrative body.\(^{37}\) This view was confirmed at ACMA's Executive Committee Meeting in February 1962. The meeting also directed that ACMA nominations to the committee should be: Federal President, Immediate Past President, Presidents of Member-bodies (that is, State Chambers and Metal Traders Employers' Association), two other members of the executive, and Federal Director.\(^{38}\)

ACCA's approach to the selection of members of the committee was different from that of ACMA. ACCA

\(^{35}\) Ibid.

\(^{36}\) Dobson points out that the Japanese side was not happy with 'ACMA's domination' of the AJBCC. [See Dobson, *Associated Chamber of Manufactures of Australia*, p.188.] Japanese dissatisfaction with the AJBCC's representation of Australian business circles will be discussed further in Chapter VII.

\(^{37}\) ACMA Executive Committee Meeting Minutes, 22 November 1961, CAI Records, Z196, Box 12.

\(^{38}\) Ibid., 22 February 1962.
supported the membership of individuals without responsibility to the organisations to which they belonged, instead of nominating members of the committee as representatives of organisation such as ACCA and ACMA. ACMA did not agree with ACCA's suggestion, and negotiations between ACMA and ACCA continued. Furthermore, ACMA agreed with the Japanese side that Japanese representatives to their committee would be responsible to the organisations from which they were drawn.\(^{39}\) The Japanese side, however, did not follow this agreement strictly. Only a few of the Japanese members, such as Ishizaka (Chairman of Keidanren), Inagaki (President of Boekikai), and Sugi (Director of JETRO) represented their organisations.

In August 1962, without reaching consensus between ACCA and ACMA, the Inaugural Meeting of the Australian committee was held (the members of the committee are shown in Appendix 3).\(^{40}\)

In 1963, after the Inaugural Joint Meeting of the Australia Japan Economic Committees\(^{41}\), ACMA proposed the formation of state committees that would be led by the state chambers of manufactures. This was partly because the Victorian Employers' Federation was attempting to set

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39. Ibid., 7 June 1962.

40. 'Australia/Japan Trade Association', Canberra Letter, no.904. 25 September 1962; ACMA Executive Committee Meeting Minutes, 30 August 1963, CAI Records, Z196, Box 12.

41. At this time, the name 'Australia-Japan Business Cooperation Committee' was not yet adopted.
up a committee similar to the AJBCC. ACCA again opposed ACMA's proposal, seeing it as yet another new policy to exercise manufacturing influence over trade relations with Japan.

Throughout the struggle between ACCA and ACMA, ACCA gradually withdrew its institutional involvement in the committee. In 1964, the President of the Melbourne Chamber of Commerce indicated to Warren (President of the AJBCC) that he believed the committee would be ineffective if it consisted of members from both the Chamber of Manufactures and Chamber of Commerce.

However, membership of the committee changed shortly afterwards, and the numbers of members representing ACMA decreased, although the Secretariat remained within it (later CAI). The original membership did not meet the expectation of the Japanese side that wanted Australian representatives to assist Japanese interests. The Japanese side was interested in trading with the Australian mining sector, in removing Australia's import restrictions, and in gaining access to the Australian banking sector.

Throughout the period of the establishment of the AJBCC, Anderson acted as an 'organisational entrepreneur' as well as a lobbyist serving manufacturers' interests. He approached potential members, looked after the

42. ACMA Executive Committee Meeting Minutes, 14 February 1963 and 23 April 1963, CAI Records, Z196 Box 12.

43. Dobson, Associated Chambers of Manufactures of Australia, p.188.
administration of the AJBCC with other staff, and kept contacts with the government and other organisations for the successful operation of the AJBCC. His two roles, those of a business lobbyist serving manufacturers and 'organisational entrepreneur' committed to the successful operation of the AJBCC, were sometimes contradictory. His bias towards manufacturers' interests sometimes created friction in the AJBCC. At the same time, however, he was criticised by manufacturers about not protecting their interests.44

Institutionalisation of a communication channel

Compared to the heated responses of the Australian business communities, the Japanese side set up the Japan-Australia Business Cooperation Committee without difficulty. The Japanese side noticed that the Australian side was having difficulty in the selection of members and forming a committee because of the conflict between ACMA and ACCA. There was no movement towards creating the Japanese committee until the Australian committee was set up. At the end of 1962 the Japanese committee was established, and in February 1963, the JABCC was set up jointly among Nissho, Keidanren and Boekikai. The secretariat was located in Nissho.45 The invitation for initial members was, however, initiated by Nagano and Horie (Chairman of Tokyo Bank) and membership

44. For further discussion, see Chapters VI and VIII.
45. Kaigisho Nyusu, 14 February 1963.
was voluntary. Appointment of Adachi as the president of the committee was simply due to his position as President of Nissho. There was no restriction on membership or serious consideration about voting rights in the committee, unlike the process of setting up the AJBCC.

The Australian side wanted to establish rules for the operation of the committees, but the Japanese wanted to keep the committees open and flexible. The Australian committee proposed a rule for joint meetings in which it was suggested that the same number of representatives from each committee in terms of voting rights at the meeting should prevail. The Japanese side did not agree with the Australian proposal for a fixed number of representatives. The Japanese side argued that it would be natural for the host committee to have more in attendance at the joint meetings than the visiting one. It was obvious that the Japanese leaders never expected a joint meeting to have delegates exercising votes. The organisation of the joint meetings was finalised as follows:

1) Both committees would hold joint meetings annually or more or less according to their agreements. Each committee would host joint meetings by terms.

2) Joint meetings would be held with under twelve delegates from the each committee. The number of the delegates of the host committee, however, could be increased with the approval of the counterpart.


47. Personal interview, 13 March 1987, Tokyo.
committee.

3) At the beginning of a joint meeting, the chairman and vice-chairman would be appointed. The chairman would be appointed from the delegates of the host committee and the vice-chairman from the visiting committee.

4) The host committee would bear the expenses for the joint meeting. Travelling and accommodation expenses would fall to the visitors. 48

Japanese business leaders appreciated the regular operation of joint meetings between the Australian and Japanese committees, compared to other bilateral relations meetings, such as the Japan-US Businessmen's Conference and the Japan-Canada Businessmen's Conference. The fact that the Australian committee was organised at national level and contained representatives from various industries was also applauded. 49 The operating style of the JABCC and the AJBCC (two separate committees organised to represent each country's business community and the holding of annual joint meetings alternately in each country) was called the JABCC model in Japan. 50 Both committees also agreed that they would deal with domestic matters individually.


50. Personal interview, 13 March 1987, Tokyo.
The AJBCC and the JABCC were formed as separate bodies. Each established a different internal structure for representing members' interests and developed different functions to serve these interests. In addition, each had a different impact on their respective country's political structure.

The main activity of the JABCC was the holding of annual joint meetings with the AJBCC. The JABCC utilised these joint meetings to express Japanese opinions on issues of concern to Japanese business, and to attract the attention of the Australian side to these issues. Another important role the JABCC played was to organise meetings with Australian leaders who visited Japan. The JABCC also administered counterpart bodies of two Australian groups that were organised separately from the AJBCC. In this sense, the JABCC provided various communication channels for the Japanese business community with Australia.

In the first part of this chapter, the organisational structure of the JABCC will be examined. The second part discusses the major issues raised by the Japanese side and the responses of the Australian side. Other forms of communication channel with Australia which the JABCC provided are outlined in the third section. The last section looks at the focus and extent of Keidanren's involvement in private economic diplomacy.
towards Australia and the nature of the issues around which the JABCC unified business interests.

The Structure of the JABCC

The key person in the activities of the JABCC was Shigeo Nagano who led the goodwill mission to Australia in 1961. He was President of the JABCC from 1969 to 1984. Throughout the JABCC's history to the present, the appointment of JABCC presidents was basically made by Nagano. Co-chairmanship of the JABCC between the President of Nissho and the Chairman of Keidanren demonstrated that the JABCC was formed jointly with the support of the two major peak business organisations in Japan. However, Keidanren was not involved in the administration of the committee. The JABCC was administered by the International Division of Nissho that was indistinguishable from the International Division of the Tokyo Chamber of Commerce and Industry\(^1\). Furthermore, the JABCC's Director-General was the Director-General of Nissho.

From a close examination of the executive lists of the JABCC it can be seen that the chairmanship was decided in a way that did not disturb the 'seniority' or hierarchy of the Japanese business community. Indeed there was an informal rule about achieving equivalent representation from the senior hierarchy of peak business

\(^1\) The International Division belongs to both Nissho and the Tokyo Chamber of Commerce and Industry.
organisations. The way in which the JABCC was formed contrasts with the AJBCC where ACMA and ACCA had a power struggle over the AJBCC's membership and administration.

The first President of the JABCC was Tadashi Adachi who was President of Nissho at the time. During this period, both Nagano (Vice-President of Nissho) and Uemura (Vice-Chairman of Keidanren) were Vice-Presidents of the JABCC. When Nagano succeeded Adachi as President of Nissho, he also became the President of the JABCC. When Doko became Chairman of Keidanren in 1974, he was appointed as Co-Chairman\(^2\) of the JABCC together with Nagano, although Doko resigned as chairman of the bilateral or multilateral business cooperation committees in Keidanren. Doko never attended the AJBCC/JABCC joint meetings after he became Chairman of Keidanren. During this period, Nagano was, therefore, Chairman of the JABCC in practice. This co-chairmanship continued until Eishiro Saito became Chairman of the JABCC. Nagano appointed Saito (President of Nippon Steel at that time) as his successor when he fell sick in 1983. Saito became Chairman after Nagano's death in 1984. Saito remained as Chairman of the JABCC when he became Chairman of Keidanren in 1986. Because Saito was Chairman of Keidanren, it was not necessary to appoint a co-chairman from Keidanren. Meanwhile, instead of being the co-chairman of the JABCC, Goto, the President of Nissho, became Chairman of PBEC, which Nagano had also led as

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2. When Nagano and Doko assumed the presidential positions of the JABCC, they were renamed *daihyo-iin* rather than *kaicho*.
Chairman during his presidency of Nissho.³

There was no restriction on being a member of the JABCC. A company did not have to be a member of a Chamber of Commerce and Industry. It could register as a member of the JABCC with an annual membership fee of 150,000 yen in 1987.⁴ The members of the JABCC were all well-known big companies. As Appendix 5 shows, membership numbers have gradually increased and in 1986 the committee had 126 members who were chairmen, presidents or advisers of companies. In spite of the growth in membership, the activities of the JABCC remained limited. The committee, unlike the Australian counterpart, did not hold executive meetings or general meetings among members except preparatory meetings for joint meetings.⁵ In 1985, a steering committee system (kanji-kai) was introduced. There are no known written procedures for appointment to steering committee membership. It is generally agreed by consensus who

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3. These points were also mentioned in interviews with staff members of Keidanren and Nissho (see Appendix 9 for interviewees list).


5. Preparatory meetings prior to annual joint meetings with the AJBCC were attended by businessmen who were actually preparing for the attendance of their bosses at the joint meetings. They were usually working for the section in charge of business with Australia or secretaries to the presidents. At the preparatory meetings, the participants discussed which companies would prepare agenda papers for the joint meetings, or what issues should be raised or not mentioned at the coming joint meeting. [According to a personal interview, 24 February 1987, Tokyo]. Reports on the annual expenses of the JABCC were also presented at these preparatory meetings. [According to a personal interview, 12 January 1988, Tokyo].
becomes a steering committee member.

Japanese Interests Expressed at Joint Meetings

Annual joint meetings were held alternately in Australia and Japan. The host committee looked after the expenses for meetings (although interpreters' costs were always covered by the JABCC), and individual expenses (travel and accommodation) were paid for by individual members. Before a joint meeting, the secretariats of both committees drew up an agenda, and related papers were prepared by each side. Owing to the large number of issues on the agenda, a 'group discussion' system was introduced in 1974 whereby two groups held meetings and discussions simultaneously.

Sub-committees on joint ventures, trade problems, personnel exchange and Pacific organisation were set up in both the JABCC and the AJBCC after the second joint meeting. The sub-committee system was supposed to facilitate problem-solving on particular issues. As far as the outgoing letter book of the JABCC shows, Japanese

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6. Agenda papers of the joint meetings and lists of the AJBCC and JABCC members were published as Nichi-go Godo Keizai Iinkai Kaigi Kiroku by the JABCC secretariat and delivered to their members. The author also could have access to AJBCC files of agenda papers and communication records with the JABCC held by CAI.

7. Issues on agenda of the joint meetings were listed in Appendix 7.

8. Files held by the JABCC. No classification numbers were given. [The author was given access to the documents of the JABCC held by Nissho. Many documents, however, were already discarded, and the remained documents were not well classified.]
sub-committee meetings were not held frequently, and only just before joint meetings.

The activities of the JABCC essentially focussed on the joint meetings, and the agenda and procedure of meetings generally followed a uniform pattern over the years. JABCC members utilised the joint meetings as a communication channel to express Japanese concern about problems in commercial relations with Australia. These included Australia's high tariffs, difficulties in obtaining visas for businessmen, re-opening banking business in Australia and Australia's frequent industrial disputes. The following discussion on these issues shows, however, that JABCC action was limited to just expressing opinions at joint meetings, without any mechanisms being set up in the JABCC to deal with the problems on an ongoing basis. Furthermore, the JABCC allowed Japanese leaders to speak for their industries at joint meetings when they faced strong criticism from the Australian side.

Joint ventures

The subject of joint ventures was an issue raised continuously at joint meetings. Discussion papers presented by both sides showed a marked difference between the Australian and Japanese positions on this issue. The Australian committee tried to promote joint ventures in order to develop their own manufacturing industries. They hoped to obtain capital, technology and assessment of the market from Japanese industries. The
Japanese side, on the other hand, was keen to promote joint ventures that would develop raw material exploitation and would promote Japanese machinery exports, which were crucial to the overall Japanese economy. The Japanese side was not interested in setting up mechanisms to promote joint ventures between the members of both committees. They showed their indifference to Australian interests simply by not responding to their requests. They did not indicate possible areas in which Australia-Japan joint ventures might be developed. Instead they used the discussion of joint ventures as an opportunity to express their concern about a number of other problems in Australia.

At the third joint meeting, the JABCC prepared a paper on joint ventures. The main problems with joint ventures from the Japanese perspective were pointed out in the paper and appeared frequently in subsequent papers and discussions. These were actually general problems relating to the expansion of Japanese business with Australia. The first of these was immigration, with the Japanese claiming that it was difficult to obtain and extend visas for Japanese engineers working in Australia. The second was high tariffs for imports and purchase of necessary machinery from Japan to set up joint ventures. The third problem was double taxation.9 The Japanese side also desired some positive response from the

9. 'Joint ventures', paper presented by the JABCC at the 3rd joint meeting, 1965.
The Australian side was keen on the AJBCC and the JABCC playing a mediating role to promote joint ventures between Australian and Japanese companies. At the press conference before the first joint meeting in 1963, the President of the AJBCC, Walker, said that Australia would welcome Japanese investment in Australia. The Australian side regarded joint ventures as a means of obtaining Japanese capital, know-how and access to overseas markets for manufacturers. The AJBCC also wanted to set up a mechanism to assist in the introduction of interested parties to each other. This concept did not attract Japanese businessmen, although it was agreed that the committee would 'cooperate in making efforts to render whatever assistance possible by providing information, keeping contact and acting as a go-between until such a time when the parties concerned can negotiate directly'.

The report of joint discussions on joint ventures at the fourth joint meeting made it clear that 'the role of the committees should not be to participate actively in the formation of particular (emphasis added) joint ventures'. It also stated that: 'Exchange missions

10. 'Joint communique', the 4th joint meeting, 1966; 'Joint communique', the 5th joint meeting, 1967.
13. 'Joint ventures', paper presented by the JABCC at the 2nd joint meeting, 1964.
should be encouraged more widely throughout *industry in general* (emphasis added). Besides the activities of such technical exchange missions, the provision of information relevant to the formation of joint ventures is best undertaken by company representatives resident in the respective countries, such as trading companies'.

Thus no mechanism as an introductory agent for assisting joint ventures was set up by either committee. Nevertheless, individual members were able to seek information about potential partners for particular joint ventures through their meetings with business leaders at joint meetings. In fact, Japanese companies approached Australian companies on their own without assistance from the JABCC.

For example, a joint venture on timber cutting was set up in Papua and New Guinea. Development of Papua and New Guinea was raised in discussions on joint ventures as well as economic cooperation in the Pacific. The

During this period, there was only one instance where a plan for the establishment of a joint venture was discussed at the joint meeting. At the fifth joint meeting, the committees discussed the possibility of the establishment of a shipping company for transporting mineral resources from Australia to Japan. Both committees basically agreed to set up a company with 50 per cent investment from each side. The Australian side stressed that ship construction should also be shared equally between the two. The Japanese side insisted that it should be decided on a commercial basis. The Australian side finally accepted this argument. [Nihon Keizai Shinbun, 25 April 1967.] This project, however, did not materialise. A former staff member of the JABCC suggested that it was due to the Australian government's disapproval. [Personal interview, 12 January 1988, Tokyo.]
Australian side made this suggestion at the third joint meeting in 1965\(^\text{16}\), and working parties were established by both committees to investigate the possibility of joint ventures in Papua and New Guinea.\(^\text{17}\) In the Australian committee, however, this issue was a problem for some members.\(^\text{18}\) An investigating mission led by the President of Nissho Co., Nishikawa, was organised and visited Papua and New Guinea just before the fourth joint meeting, but this mission only aimed to study forest resources.\(^\text{19}\) At the fifth joint meeting, it was reported that a joint venture on timber cutting was going well\(^\text{20}\). However, this project was not given much attention by the Japanese side because of the small scale of the enterprise.\(^\text{21}\)

\(^\text{16}\) 'Minutes of closing session', minutes of the 3rd joint meeting, 1965; Nihon Keizai Shinbun, 9 June 1965.

\(^\text{17}\) 'Joint communiqué', the 3rd joint meeting, 1965.

\(^\text{18}\) Mawby, who was the chairman of CRA who initiated the copper mining project in Bougainville, strongly criticised the decision to raise the issue at the joint meeting. The project in Bougainville had just started and it was too early for the company to expose the plan. He commented that 'I greatly regret that Committee submitted a paper on New Guinea participation, in view of my warning. This was most ill-timed and cannot help our government or our company's programme of development in those areas'. [Refer to Correspondence, 11 May 1965, CRA Records, 2/5/1/8/4.] There were some enquiries from Japanese as well as American, Canadian, and British companies to inspect the area, but CRA declined to give access to the area. [Refer to Correspondence, 17 August 1965, Sir Maurice Mawby Papers, 80/76.]

\(^\text{19}\) Kaigisho Nyusu, 7 April 1966.

\(^\text{20}\) 'Joint ventures', paper presented by the JABCC at the 5th joint meeting, 1967.

\(^\text{21}\) Personal interview, 13 March 1987, Tokyo.
The Japanese committee was more interested in joint ventures to develop natural resources, which were one of the main concerns of the Japanese business community in the 1970s. At the twelfth joint meeting in 1974, several papers were presented on the issue of Japanese investment in the Australian mining industry. The Japanese side clearly indicated to the Australian side that they were interested in Australia as a reliable supplier of natural resources, and that they wanted to be involved in the development of Australian mines not only by importing products based on long-term contracts but also through investment. The Australian side confirmed that they were expecting Japanese commitment to Australian resource development plans such as the Pilbara project through investment and the construction of infrastructure. In addition, the establishment of a consultative committee on the Pilbara project by the two countries was suggested. The Japanese also raised the possibility of joint participation with Australia in developing natural resources in the Asian and Pacific region, and also involving the United States and European countries in these projects. No collective action was undertaken, however, and further discussions were carried out at individual company level.

22. 'Pilbara development -- the task ahead for Australia and Japan', paper presented by the AJBCC at the 12th joint meeting, 1974.

23. Papers presented by the JABCC at the 12th joint meeting, 1974: 'Our policy in regard to resources and energy hereafter'; 'Trade between Japan and Australia -- coking coal and iron ore--'; 'Japan-Australia relations from the investment standpoint'.

Opening Japanese banks in Australia

Opening Japanese banks in Australia was one of the issues the JABCC constantly brought to the joint meetings in the early years, but the bankers of the JABCC could not obtain support from the AJBCC to promote Japanese access to the Australian financial market. The Japanese side stressed that opening Japanese banking business in Australia would help Japan's investment in Australia. When the Australian side responded negatively to this issue, the JABCC dropped the topic from the joint meeting agenda.

The joint communiques of the second, third, and fourth joint meetings, however, showed that the issue was paid a great deal of attention. They also mentioned the response from the Australian side. The joint communiqué of the third joint meeting said that 'no objection will be raised by the Australian Committee to any supporting action that may be taken by the Japanese Committee'. Then the joint communiqué of the fourth joint meeting became more negative on the matter. It stated:

[T]he subject of opening or re-opening branches of Japanese banks in Australia ...

24. The Japanese bankers had actually raised the issue at the meeting with Australian ministers before the JABCC and AJBCC were created. In 1959, the Director of the Bank of Tokyo, Horie, visited Australia and saw Trade Minister McEwen and Treasurer Holt to discuss this matter. [According to a personal interview, 30 February 1987, Tokyo.] Horie as well as Nagano was very active in private economic diplomacy with various countries and was one of the initial members of the JABCC.

25. 'Joint communiqué', the 3rd joint meeting, 1965.
came under brisk discussion. But as this was a matter of Australian Government policy, there appeared to be no practical steps the Australian members could take in this direction. The Australian members, however, have no objection to the Japanese members taking such steps as may be considered necessary.\textsuperscript{26}

For the sixth joint meeting, a defensive paper on 'Australian attitudes towards overseas banks desiring to operate in Australia' was prepared in case the issue was raised again by the Japanese side.\textsuperscript{27} The paper concluded that 'there is little evidence to support the contention that entry of foreign banks into Australia would assist Australia or enhance its banking structure. On the contrary, such a move may be a cause for an increase in the cost of banking in Australia'.\textsuperscript{28}

Horie recalled that the Australian side was unwilling to support this issue, and he was more reliant on his personal connections with Holt than on trying to obtain support from Australian business leaders through meetings with the AJBCC.\textsuperscript{29} Attending joint meetings and representing the views of Japanese bankers may have helped him to recognise what sectors were actually against the Japanese proposal and whom he should approach to obtain individual support to foster the matter.

\textsuperscript{26} 'Joint communique', the 4th joint meeting, 1966.
\textsuperscript{27} It was agreed among Australian members not to circulate the paper unless the subject was raised during the meeting.
\textsuperscript{28} 'Defensive paper', prepared by the AJBCC for the 6th joint meeting, 1968, in collection of agenda papers held by the National Library of Australia.
\textsuperscript{29} Personal interview, 30 March 1987, Tokyo.
Australia's high tariffs

Another issue that seriously concerned the Japanese side was Australia's high tariffs on manufactured commodities. A sub-committee on trading problems was set up in 1964, and both the Japanese and Australian sides expressed their concern about trade between the two countries. However, they presented few constructive suggestions. A newspaper article said, 'The whole organisation of the meeting seemed almost perversely directed at ensuring that nothing concrete could be achieved'.

The Japanese committee expressed their concern about Australia's high tariffs on Japanese manufactured commodities as well as the trade imbalance between the two countries. The Japanese side sometimes made rather unrealistic requests to its counterpart. For instance, a Japanese delegate suggested that Japan should be categorised as a country given the British preferential tariff because Japan was the biggest importer of Australian exports. Another Japanese delegate suggested the conclusion of an agreement that would lay down guidelines for reducing tariffs on Japanese commodities in line with the increased Japanese trade.

31. 'Joint communique', the 3rd joint meeting, 1965; 'Joint communique', the 4th joint meeting, 1966; 'Joint communique', the 7th joint meeting, 1969.
32. Minutes of the 7th joint meeting, 1969.
deficit with Australia. The Australian side, on the other hand, expressed their dissatisfaction with Japanese tariffs and non-tariff barriers against agricultural commodities. A newspaper article criticised this feature of the joint meetings saying that: 'As expected, much of the Business Cooperation Committee's meeting was taken up with lengthy reiteration of well-known positions'.

In order to evade Japanese criticism of Australian high tariffs, the Australian committee suggested that the Japanese members use the by-law system effectively. In the 1960s, the AJBCC represented manufacturers' interests on this matter under Anderson's leadership. In 1969, a Japanese delegate asked the Australian committee to provide a list of possible commodities that could be exported under the by-law system from Japan. At the eighth joint meeting, it was agreed that a special committee on the by-law system should be set up. A special committee meeting was held once in November 1970. At the ninth joint meeting, more information on the by-

34. 'Joint communique', the 5th joint meeting, 1967; 'Joint communique', the 7th joint meeting, 1969; 'Joint communique', the 8th joint meeting, 1970.
36. By-law entry allowed duty-free or concessional entry of goods listed in the tariff schedules which were not made by local manufacturers.
37. Minutes of the 5th joint meeting, 1967.
38. Minutes of the 7th joint meeting, 1969.
39. 'Joint communique', the 8th joint meeting, 1970.
law system was requested by the Japanese side. A former staff member of Nissho commented that through the discussion on the by-law system, the Japanese side realised that the Australian tariff system was very complicated. Yet he also mentioned that there was no advice given by the Australian side about how to get the best out of the by-law system. The AJBCC was able to make Japanese business leaders aware of the by-law system and encourage them to use the system more efficiently, but actual information about the system was obtained on an individual company basis.

Industrial disputes

Australia's industrial disputes became another issue that the Japanese side raised continuously from the mid-1970s onwards. The Japanese side stressed how much Australia's frequent strikes were disturbing the smooth supply of natural resources to Japan and how much they were damaging Australia's image as a reliable supplier. In 1982, the JABCC even requested the AJBCC to prepare a paper for the joint meeting under the title of 'the disruptive activity of unions in Australia and government and industry action to counter them'. The Australian side was perturbed by this requirement and prepared a paper with a modified title, 'Australian industrial relations and commodity exports'. The AJBCC also

40. Minutes of the 9th joint meeting, 1971.
41. Personal interview, 12 January 1988, Tokyo.
42. There were two papers written under this title. The first paper indicated that the author was somewhat
considered whether they should ask the President of the ACTU to speak at a joint meeting, although this never eventuated. An executive member suggested that they should 'avoid setting up anything remotely approaching a confrontation situation'. Nevertheless, the views of Japanese business circles on Australia's industrial relations were taken seriously by the Australian side. As a result, various Australian leaders visited Japan to express their awareness of the problem.

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At the joint meetings, the Japanese side was successful in expressing their concern on a number of important issues. It did not necessarily mean, however, that getting attention to certain issues led to practical solutions. In fact, none of the issues raised by the Japanese side (such as lowering Australia's tariffs, easing the procedures for obtaining visas for Japanese businessmen, opening banking business in Australia, and reducing the frequent industrial disputes in Australia) were solved by the direct influence of the AJBCC/JABCC meetings.

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offended by the request from the Japanese side. The second one appeared more explanatory about the situation of Australia's industrial relations. [The papers were held in the files of agenda papers in CAI.]

43. Agenda for Executive Committee Meeting, 23 February 1981, CAI Records, Z196, Box 38.

44. Australian leaders' visits to Japan will be discussed in the next section.

45. Regarding the visa issue, the AJBCC asked the Immigration Department about the situation. A member of the AJBCC also supported the abolition of entry visas for Japanese businessmen up to six
The joint meetings were also used to defend Japanese industries when they were strongly criticised by Australian business. These included cases such as the 'dumping' of Japanese cars on the Australian market and the 'sugar dispute'.

When the Japanese motor industry was accused of 'dumping' cars in 1968, Katsuji Kawamata (President of Nissan Motor Co., Ltd) attended the joint meeting in 1968. It was reported that Kawamata at first decided not to attend the meeting (although he was a member of the JABCC), but Nagano persuaded him to come. A similar example can be found when the Japanese sugar refining industry had problems in relation to long-term contracts with the Australian sugar exporters. When the AJBCC asked the JABCC to put the issue of the 'sugar dispute' on the agenda, the JABCC was reluctant to do so. Then, Fujiyama (President of Dai-Nippon Sugar Refinery) was asked to attend the joint meeting in 1977 despite not being a member of the JABCC. He presented a paper on sugar production in Japan and explained the critical situation in the industry.

Throughout the operation of the JABCC, domestic

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months, and this matter was also taken to the Department. [Correspondence, 18 May 1967, CRA Records, 2/5/1/8/22; and 12 June 1968, CRA Records, 2/5/1/8/22.] Apart from exchanging a few letters, no more action was taken by the AJBCC.

46. The Sydney Morning Herald, 26 April 1968.

47. For further discussion of the 'sugar dispute', see Chapter VII.
political functions were not given much emphasis. Members of the JABCC did not make a special effort to organise collective action towards Australia or their own government regarding issues relating to Australia. In fact, the JABCC hoped to obtain support from the AJBCC to influence Australian government policy on opening Japanese banks in Australia and to take collective action on their behalf. The JABCC also suggested that the AJBCC set up special joint sub-committees on the by-law system and long-term contracts\textsuperscript{48}, but when Japanese suggestions did not meet with an enthusiastic response from the Australian side, the JABCC did not push further. Neither did the JABCC develop special internal mechanisms (such as setting up sub-committees in the JABCC or organising special missions of Japanese businessmen to Australia) to deal with specific issues. Formal channels for consultation between the JABCC and the Japanese government were not established. Instead preparatory meetings for joint meetings and informal channels among Japanese business leaders provided a basis for general agreement on problems in commercial relations between Australia and Japan. These problems were raised at the joint meetings.

The value of attending joint meetings for member companies and individual business leaders should not be ignored. Many businessmen stressed the value of the meetings as occasions to extend their personal networks.

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\textsuperscript{48} For further discussion on JABCC's and AJBCC's responses to long-term contracts, see Chapter VII.
Even when issues raised at joint meetings did not lead to great deal of discussion among participants in a meeting room or did not result in collective action of committee members, publicising opinions enabled individual leaders to obtain some responses from members of the counterpart committee and to identify those whom the leaders should approach to take further action.

Furthermore, not sending a company representative to joint meetings might create a negative impression about the company in the counterpart business community. A senior businessman said that if his company's trading partners in Australia were attending the meeting, it was rather embarrassing for him not to send a delegate from his company. He said that if his company (say, for example Mitsubishi) did not attend the meetings when other companies from the same sector (say, Mitsui, Sumitomo, C. Itoh and others) were sending delegates, its trading partner might interpret this as signifying that his company was not as good as the others. He also mentioned that he was afraid that his company might miss relevant information for their business which was often discussed outside the joint meetings and as a result be well-behind their competitors.49 It was noted that once one of the enterprises from an industry decided to join the JABCC, other enterprises from the same sector tended to join.50 For companies that were not well-known in overseas markets, too, the joint meetings provided

49. Personal interview, 18 March 1987, Tokyo.
50. Personal interview, 24 February 1987, Tokyo.
opportunities for introductions to the Australian business community.

Presenting papers at the joint meetings was a good opportunity for leaders to publicise their standing in their own business community amongst Australian business leaders. In the case of Nagano, too, it cannot be denied that he took the initiative for the establishment of the JABCC in order to obtain a higher reputation in international business circles, as well as to promote the Japanese economy.

Members themselves could supply incentives to join by getting together to exchange information, discuss problems, and work out differences of opinion inside and outside the meetings, all of which might be beneficial for their business. Leaders could find value in joint meetings for extending their personal contacts and sometimes for consolidating their reputations. Furthermore, once the JABCC was established as a permanent body of influential Japanese businessmen, it came to be regarded by Australian business groups and government as a body to be approached first in order to get access to the appropriate organisations in the Japanese business community.

A Gateway to the Japanese Business Community

The JABCC has not only been a counterpart of the

51. The papers were always written by businessmen at a lower level in the company.
AJBCC, but has also acted as a counterpart to two other Australian organisations, the Australia-Japan Trade Law Foundation and the Australia-Japan Business Forum. The JABCC also played an important role as a body representing Japanese business circles to Australian business and political leaders who visited Japan. In this regard, the JABCC can be seen as a gateway to the Japanese business community for Australian leaders. At the same time, it provided more contact points for Japanese business leaders to meet Australian leaders, apart from the occasion of joint meetings. Communication channels through the JABCC, therefore, were not restricted only to JABCC and AJBCC members.

In 1975, a Special Committee on Business Law was established in the JABCC in response to a request from the Australia-Japan Trade Law Foundation. The committee was set up without much interest from Japanese members. The first request was made by the Foundation in September 1973 when the Australia-Japan Trade Law Foundation was founded.\textsuperscript{52} The secretariat of the JABCC asked member companies to support the creation of the special committee and provide staff for the committee. This committee was created with about 60 members, including representatives from companies and from economic organisations, academics and lawyers.\textsuperscript{53}

The operation of the committee aimed to present

\textsuperscript{52} A record in the files held by the JABCC. No classification number was available.

\textsuperscript{53} A record in the files held by the JABCC. No classification number was available.
standard forms for business contracts both of a general nature and for specific major industries, for arbitration, and for solving corporate problems such as joint ventures. A joint meeting was held with the Australia-Japan Trade Law Foundation on the occasion of the Law Asia Conference in Tokyo in September 1975. At this joint meeting, Japanese and Australian delegates agreed to exchange related books on Australian and Japanese business laws, to publish a booklet on doing business in both countries, and to promote personal exchanges. The Japanese side also decided to support strongly the conclusion of a Trade Arbitration Agreement between the Japan Commercial Arbitration Association and

54. At the wish of the Japanese side, the books presented by the Australian side were to be located in the library of the Tokyo Chamber of Commerce and Industry. The booklet entitled 'Law and Business in Japan' was edited by the Japanese committee and translated and published in Australia. The booklet entitled 'Ostraria no Ho to Bijinesu [Law and Business in Australia]' was edited by the Australian side and translated and published by the Japanese committee. The task force on publishing the booklets was chaired by Emeritus Professor Suzuki who was a Professor of the University of Tokyo as well as a permanent advisor to the Tokyo Chamber of Commerce and Industry.

On the matter of personnel exchange among Australian and Japanese dealing with business laws, the Japanese side suggested to the Australia-Japan Trade Law Foundation that they should approach the Japan Foundation that was in charge of general personnel exchange programmes between Japan and foreign countries.

[See Minutes of the joint executive meeting between the Special committee on Business Law and the Australia-Japan Trade Law Foundation, September 1975; Correspondence, 24 June 1976; and Minutes of the Executive Meeting of the Special Committee on Business Law, 6 May 1976. JABCC files. No classification number was available.]
the equivalent body in Australia, since Australia ratified the Treaty of the Recognition of Foreign Arbitration and its Implementation.\textsuperscript{55} The activities of the Special Committee, however, were not particularly of note. After it published the booklets, no meeting of the committee in Japan was held. Members of the JABCC did not have much interest or need to get involved in the field of law.

Another body that the secretariat of the JABCC administered was the Japan-Australia Business Forum (JABF). The AJBCC, on the other hand, was not fully in charge of the operation of the Australia-Japan Business Forum (AJBF). This suggests that the JABCC was more capable than the AJBCC in absorbing communication channels that were set up by a different group of businessmen, and also in working closely with government programmes.

The AJBF and JABF were established after Prime Minister Hawke's visit to Japan in 1984 and following an exchange of missions between Australia and Japan.\textsuperscript{56} The

\textsuperscript{55} A letter was written to Ellicott, the Attorney General and the former President of the Australia-Japan Trade Law Foundation by the Japan Commercial Arbitration Association with the cooperation of the Special Committee on Business Law. [See Minutes of the Executive Meeting of the Special Committee on Business Law, 6 May 1976. JABCC files. No classification number was available.]

\textsuperscript{56} When Prime Minister Hawke visited Japan in January 1984, he asked Prime Minister Nakasone to support the Australian government's commitment to promoting Australian manufactured commodity and services exports to the growing Japanese market. In 1984, a trade mission led by Robert Douglass (then General Manager, Merchant Banking, Westpac Banking Corporation) visited Japan and requested the Minister for International Trade and Industry to
JABF was organised as a sub-committee of the JABCC. Some of the members of the Yonekura mission that was sent in November 1984 were not members of the JABCC, but they became members of the JABCC after the establishment of the JABF. The AJBF was also organised by business leaders, and it was set up as a sub-committee of the AJBCC, but under the auspices of the Department of Trade. AUSTRADE took over responsibility for the Forum when it was established in January 1986. Members of the AJBF are not necessarily AJBCC members. It was clearly stated that the AJBF would look after the areas that were not given much attention by the AJBCC. It was clarified that the AJBF had two major functions:

1) to act as a source of expert advice for Australian exporters and services to Japan and

2) to serve as an interface between Australian and Japanese private sectors focusing on aspects of trade not previously addressed by the AJBCC/JABCC.

send a Japanese mission to Australia to promote imports of Australia's manufactured commodities and services. Responding to this request, MITI sent a mission of business leaders to Australia in November 1984. The mission not only held seminars and discussions with Australian officials and businessmen, but also presented a report to the Australian government which addressed the Japanese business leaders' views on what Australian business should do to be successful in the Japanese market. [See Department of Trade, Report of the Japanese Market Access Promotion Mission to Australia, November 1984, AGPS, 1985; Australian Foreign Affairs Record (AFAR), vol.55 no.9, September 1984, p.1004.] The mission also recommended the establishment of a forum between Australian and Japanese business leaders to follow up the report. The idea of setting up a forum, in fact, originated from Australia. [Personal interview, 16 March 1988, Tokyo.]

58. AJBF, Report of the AJBF Economic Survey Mission
These objectives were strongly supported by the Japanese and Australian governments, although both organisations only had representatives from the private sector. The Australian government began to pay more attention to promoting the development of Australian high-tech industries and exports of manufactured commodities and the service trade. Both the Australian government and business circles were particularly interested in expanding new business opportunities in the Japanese market. This atmosphere facilitated cooperation between the Australian government and business, and the creation of new avenues of communication between the Australian and Japanese business communities. The Japanese government, on the other hand, wanted to promote imports in order to lower its overall trade surplus. Sending missions and supporting the Forum, like other missions sent to developed countries, were characterised as a demonstration of the Japanese government’s intentions to promote imports into Japan. Australian goods were also handled under the Specific Products Trade Program (STEP). 59

Since the establishment of the JABF and the AJBF, annual joint meetings have been held in conjunction with

the annual meetings of the JABCC/AJBCC. Moreover, the AJBF sent two missions to Japan (the AJBF Economic Survey Mission in June 1987, and the Australian Ferrous Casting and Forgings Mission in November 1987), and a Building and Construction Industry Survey Mission in May 1988. In 1989, two missions were planned. At the request of the AJBF, the JABF sent Japanese experts in packing design to advise Australian companies on the specific design requirements of the Japanese market. The AJBF also set up the Young Executive Visit Program under which young Australian executives worked for Japanese companies.60

The secretariat of the JABCC became an important body for the AJBF and AUSTRADE to operate various programmes jointly. By providing contact points for AJBF and AUSTRADE, the JABCC acted as an introductory agent for Australian business groups that were interested in the Japanese market but which were not trading in traditional commodities such as raw materials. In the AJBCC and JABCC, companies trading in traditional commodities were still dominant.

The JABF acted as an introductory agent for member-companies of the JABCC which would accept young Australian executives selected by the AJBF. The JABCC as well as JETRO and C. Itoh, whose President, Yonekura, was the Chairman of the JABF, also looked after missions

sent by the AJBF. A staff member of AUSTRADE commented that they provided useful information to the AJBF and AUSTRADE in order to promote Australia's exports to Japan and that it was appropriate for Nissho to act as a channel for the AJBF and the AUSTRADE. Nissho was financially assisted by MITI, and worked closely with MITI's programmes that were assisting Japanese imports from overseas. Furthermore, Nissho affiliated local chambers whose members were mainly small and medium sized firms. Australian exporters often looked for small and medium size business partners, not big enterprises. The secretariat of the JABF was located in the JABCC mainly because the mission was sent with the assistance of MITI. The fact that JABF was launched on the initiative of the President of C. Itoh (a major trading company) affected the location of the secretariat as well, because trading companies did not have a strong influence in Keidanren.

The JABCC has remained, however, the main body of Japanese business leaders maintaining communication channels with Australian organisations. Part of this function has included organising receptions or meetings with Japanese businessmen when Australian ministers, officials or leading businessmen visited Japan. These meetings were usually hosted jointly by Keidanren, Nissho (in which the secretariat of the JABCC was located), Boekikai, or Nippon Zaigai Kigyo Kyokai (Japan Overseas Enterprises Association) depending on the issue. In the 1970s, it became quite common for various Australian

61. Personal interview, 5 February 1988, Canberra.
Prime Ministers, Federal Ministers and State Premiers to visit Japan, and on these occasions they sometimes discussed issues such as Japanese investment or promotion of trading relations. Furthermore, when strikes in Australia in 1977 and 1978 caused serious problems in supplying export commodities from Australia to Japan, several visits were made by Australian government officials and labour union leaders to Japan. This was partly because Japanese business circles strongly criticised Australian unions and requested the Australian business community to take action.62

The JABCC, therefore, enabled Australian business, political and trade union leaders who visited Japan to demonstrate their awareness of industrial relations problems. These meetings provided opportunities for the Australian side to meet Japanese leaders and respond to Japanese criticism, although they were not expected to take action to alleviate any actual damage to business or to find a way to reduce strikes through these meetings. Furthermore, if the dispatch of delegations to Japan was reported by the media, it indicated to the Australian public how serious the problem was.63

62. For example, a paper presented at the 14th joint meeting by the Japanese side read: 'In connection with the labour union problem in Australia, I should like to explain to you, from the Japanese shipowners' standpoint, certain difficult problems which arise rather frequently in Australian ports, and request your cooperation in improving the situation'. ['Industrial relations in Australia', paper presented by the JABCC at the 14th joint meeting, 1976.] This issue was on the agenda of the 14th joint meeting (1976), the 15th (1977) and the 20th (1982).

63. In January 1977, the President of the ACTU
Thus the JABCC and Nissho as well as other business organisations acted as gateways for the Australian leaders to approach the Japanese business community on many issues. At the same time, it provided opportunities for Japanese business leaders to expand their personal contacts with the Australian leaders and to express their collective opinions to them. When McEwen visited Japan in 1968, the JABCC hosted a reception. The JABCC organised functions for a trade mission from Western Australia in 1972, from New South Wales in 1973, a group of Australian business leaders in 1976 among others.

The meetings or receptions at ministerial level were

(Australian Council of Trade Unions) Hawke and other representatives from various trade unions visited Japan and met the members of the JABCC. The meeting expressed Japanese business' criticism of Australian industrial relations. It also aimed to obtain general information about industrial relations in Australia. [See Kaigisho Nyusu, 27 January 1977.]

In May 1977, the Minister for Industrial Relations, Street, visited Japan and also attended a meeting organised by the JABCC. The Minister explained the special characteristics of Australian industrial relations to Japanese businessmen. [See Kaigisho Nyusu, 19 May 1977.] Another meeting on Australian industrial relations was held in 1978 between the JABCC members and the Australian representatives from the federal government, trade unions and business leaders. The meeting was initiated by Street, the Industrial Relations Minister and the Australian delegates included the President of the ACTU, Hawke and the Director-General of CAI National Employers Industrial Council, G. Polites. [See Kaigisho Nyusu, 28 September 1978.]

64. Kaigisho Nyusu, 22 February 1968.
65. Ibid., 23 November 1972.
67. Ibid., 1 April 1976.
usually organised jointly by Nissho, Keidanren and other business organisations. Particularly after the mid-1970s, Australian approaches to the Japanese business community to seek investment were made mainly through Keidanren. The Federal Minister for National Development, Swartz, visited Japan in 1971 in order to promote Japanese involvement in Australian development of natural resources. Keidanren organised a meeting for Japanese businessmen to hear the Australian policies from the Minister and the Secretary of the Department of National Development.68 From 1976 to 1978, various Australian ministers and state premiers visited Japan one after another69, and all had official meetings with Japanese business leaders. The meetings were hosted by the JABCC, Nissho, Keidanren, or by related organisations jointly. In the 1980s, visits by Australian political leaders representing federal and state governments became more frequent.

At the meetings, issues of Australian industrial and


69. Deputy-Prime Minister Anthony's visit to Japan was made three months after the Liberal-Country Party coalition came into power. At the meeting with Japanese businessmen, Anthony explained the new government's policies on natural resources, trade, investment and industrial development. [See Kaigisho Nyusu, 19 February 1976.] Prime Minister Fraser visited Japan in June 1976, the Victorian Premier Hamer in August 1976, the Minister for Commerce and Industry Cotton in November 1976, the Treasurer Lynch in January 1977, the New South Wales' Premier Wran in September 1977, Deputy-Prime Minister again in March 1978, the Western Australian Premier Court in March 1978, Prime Minister Fraser and Foreign Minister Peacock in April 1978, and the Western Australian Minister for Industrial Development, Mensaros in July 1978.
foreign investment policies, taxation systems and trading problems were discussed. Some meetings were held just as social functions, but others involved lengthy talks on crucial issues, such as the new policies of the Liberal government on investment and industrial disputes in Australia. It should be noted, however, that the Australian leaders sometimes tended to see Keidanren as a representative body of the Japanese business community and to use Keidanren as a channel to Japanese business leaders rather than the JABCC. This was particularly so on the issue of energy coal and uranium imports. For instance, meetings on coal issues were always organised by Keidanren, because special committees on coal had been set up under the auspices of Keidanren.

Keidanren's Involvement in Private Economic Diplomacy towards Australia

The establishment of the JABCC involved, as mentioned previously, both Keidanren and Nissho as founding organisations. The initial members of the JABCC included three representatives from Keidanren, including Uemura (Vice-Chairman of Keidanren) who became Vice-President of the JABCC, Ishizaka (Chairman) an advisor, and Horikoshi (Director-General) a member. Many of the members were also senior members of Keidanren. Furthermore, the initial members of the committee

included two representatives from Boekikai, Inagaki (President) and Tanibayashi (Senior Managing Director); and from JETRO, Sugi (Director) and Nagamura (Vice-Director) (see Appendix 4). In practice, however, Nissho staff administered the operation of the JABCC. The main reason for this was that Nagano initiated the creation of the committee and devoted himself to its operation. He could utilise staff members of Nissho more easily than those of Keidanren, and wanted to upgrade Nissho's reputation in international affairs.

Once joint meetings became the main activity of the JABCC and it became unlikely that internal mechanisms would be set up to deal with specific issues, Keidanren had a less significant role to play. It no longer sent representatives to joint meetings and informed its members about the activities of the JABCC. Although Doko, the Chairman of Keidanren, was listed as a Co-Chairman of the JABCC, he never attended joint meetings when he was Co-Chairman. Neither did Keidanren send staff members regularly to the joint meetings. Nissho,


73. Keidanren's withdrawal from the operation of the JABCC from the early 1970s can be seen from the treatment of the activities of the JABCC in Keidanren's annual reports. They reported on JABCC/AJBC joint meetings and joint communiques until 1974, but afterwards nothing was mentioned about the JABCC. [Keidanren Jigyo Hokoku, no.23, 1964 - no.34, 1975.]

74. Since 1971 no one from Keidanren has attended the joint meetings until Saito became the Chairman, except in the 12th (1974), 14th (1976), 18th (1980), 20th(1982), and 21st (1983) joint meetings most of that were held in Japan.
on the other hand, took full responsibility for organising joint meetings. Not only Nissho but also local chambers sent delegates to the joint meetings. Six Presidents of local Chambers of Commerce and Industry (Yokohama, Kobe, Kagoshima, Nagoya, Osaka, and Kyoto) who were all members of Nissho, were members of the JABCC.

Keidanren played a more important role in private economic diplomacy towards Australia on the issue of energy coal imports. Keidanren set up a special mechanism to deal with the energy coal issue, even though the JABCC had established regular contacts with the Australian business community. This reflected the fact that the JABCC was set up under the auspices of Nissho, which limited its ability to unify and implement the opinions of big business. The interests of big business did not necessarily coincide with the general policies of Nissho. Given that the committees were self-funded, whether members were big business or not was not an important matter for providing secretarial services for committees. But when issues that required the adjustment of big business interests were raised, it was difficult to obtain staff support and information from other sections of Nissho. Furthermore, Nissho and the Tokyo Chamber of Commerce and Industry shared the same staff members of the International Division. Companies located in Osaka, therefore, tended to utilise the International Division of the Osaka Chamber with which they had closer ties and whose staff members were more familiar with them.
Keidanren, on the other hand, was a more appropriate organisation to represent the interests of big business. Issues of Australian energy coal were dealt with by the Industrial Affairs Department of Keidanren, not by the International Economic Affairs Department. This suggests that they were considered in the context of Japan's industrial affairs, not issues between only Australia and Japan.

Thus Keidanren's involvement in Australian energy coal imports should be seen in the context of its commitment to Japan's energy problems. A mission was sent to Australia, and meetings were held with various Australian leaders who visited Japan. Under the auspices of Keidanren, several committees considering energy coal imports were set up and many talks were undertaken among Japanese business leaders across different industries.

The second 'oil crisis' in 1979 accelerated Japan's need for substitute energy for oil. Energy coal as well as uranium and LNG came under consideration. The Executive Committee on Coal (Sekitan Mondai Kondankai) was set up in Keidanren in January 1980 under the chairmanship of Doko, the Chairman of Keidanren. The establishment of this committee aimed to keep close consultation among leaders of related industries in order to secure the long-term supply of energy coal. Under the committee, a working group was set up to study in more detail a strategy to obtain energy coal for Japanese

Australia was regarded as a reliable source of energy coal and a potential source of uranium and LNG. Keidanren played a leading role in this matter and organised a mission to Australia in 1980. The mission was composed of senior business leaders of Keidanren and also of representatives from the energy consuming industries. They held meetings with Australian federal politicians and government officials including Deputy-Prime Minister Anthony; the Premiers of Queensland, New South Wales, Victoria and other State government officials; and business leaders from CSR, BHP, and CRA. The mission also visited various coal mines in New South Wales and Queensland, uranium mines in Northern Territory, and Newcastle Port and Hay Points Port. Following the report and recommendation of the mission, the Council on Australian Coal (Goshutan Kyogikai) was created with representatives from the electric, cement steel and coal mining industries under the Executive


77. The members included Doko (Chairman of Keidanren), Inayama (Honorary Chairman of the Federation of Steel Industry, and the Chairman of Nippon Steel), Bunpei Otsuki (Honorary Chairman of the Association of Cement Industry, and the Chairman of Mitsubishi Mining and Cement Co. Ltd), Gaishi Hiraiwa (Chairman of the Federation of Electric Power Companies, and the President of the Tokyo Electric Power Company), Shingo Ariyoshi (Chairman of the Association of Coal Mining, and the President of Mitsui Mining Co. Ltd), and Rikuzo Koto (Senior Managing Director of Keidanren), as well as senior businessmen from some companies as specialists in energy coal.

78. Keidanren, Keidanren Ho-go Misshon Hokoku, Tokyo, 1980.
Committee on Coal. At the same time the General Committee on Chinese Coal (Chugokutan Sogo Iinkai) was set up. 79

Consultation on energy coal procurement among heavy energy-consuming industries was needed because the development of new mines required some estimate of long-term Japanese demand across industries. From late 1979 onwards, Japanese buyers rushed to Australia and caused confusion amongst Australian coal exporters. Consultation among related industries in Japan was expected to facilitate the exchange of information among them and the maintenance of some order in coal purchasing. Japanese business leaders also discussed effective methods of price negotiation, Japan's investment in Australian energy coal mining in order to secure supply, shipping problems, and improvement in infrastructure both in Australia and Japan. The Japanese steel industry's approach to the Australian iron ore and coal industries was often referred to at the meetings. Their experiences in formulating long-term contracts, particularly in calculating future demand and adjustment in practice and in setting price, were regarded as a model for long-term contracts for energy coal from Australia. 80

Objectives of the establishment of the Council on

Australian Coal clearly showed the interests of big business in orderly purchases of coal. It was said that the functions of the council were to: 1) estimate Japan's long-term demand for Australian energy coal and to present it to their Australian counterpart; 2) consult with the Australian side about infrastructure for efficient exportation and to cooperate in its improvement if necessary; 3) exchange information among related industries and promote orderly purchasing of Australian coal; and 4) coordinate domestic interests to promote smooth importation of overseas coal in terms of infrastructure in Japan and adjustment of domestic coal mining.\(^81\)

Moreover, the Executive Committee on Coal organised meetings for Australian leaders with Japanese leaders of coal-consuming industries when they visited Japan.\(^82\) The JABCC sometimes hosted receptions for these visitors, but all the discussion about energy coal was organised by Keidanren staff on behalf of the council. The Industrial Affairs Department in Keidanren was in charge of this council and energy coal issues.

The fall in oil prices after 1983 and the recession in heavy industry in the early 1980s decreased Japanese

\(^{81}\) Keidanren Shuho, no.1487, 10 July 1980, pp.5-6.

\(^{82}\) The committee hosted, for instance, meetings with Deputy-Prime Minister and the Minister for Trade and Natural Resources Anthony in January 1981, the New South Wales Premier Wran in November 1981, and the Queensland Premier Bjelke-Petersen in June 1982. Wran visited Japan again in September 1982 and in October 1983, and meetings were organised by the Council as well.
demand for energy coal to a level lower than expected. The crucial issue in the Australia-Japan energy coal trade changed from securing long-term supply to preventing supply surplus. The Council on Australian Coal and the General Committee on Chinese Coal were abolished in 1986 with the amalgamation of the Executive Committee on Coal into the Committee on Energy. The Committee on Energy thus became a gateway for energy coal issues. In July 1987, New South Wales Premier Unsworth visited Japan in order to discuss coal price exports from New South Wales to Japan, and a meeting was held with business leaders organised by Keidanren.  

Energy issues were also discussed at joint meetings of the AJBCC and the JABCC. It was noted in the preface of the Japanese minutes of the eighteenth joint meeting in 1980 that much attention was devoted to energy issues and that animated discussions were held on the issues. The Japanese side presented estimates of Japan's energy demand, Japan's interest in joint development of energy resources in Australia, uranium in particular, and concerns about frequent industrial disputes that disturbed smooth import from Australia. Through the presentation of papers, Japan's concern about energy

84. Dai 18-kai Nichigo Keizai Godo Iinkai Kaigi Kiroku.
85. Papers presented by the JABCC at the joint meetings:  
'Steaming coal', 1979;  
'Japan's energy strategy and uranium', 1979;  
'Outlook for energy demand in Japan', 1980;  
'Co-operation for development of alternative energy of oil', 1981;  
problems was well communicated to the Australian side. But the JABCC did not initiate consultation and cooperation among related Japanese members. No working group was set up in the JABCC, and no recommendation for action was made in order to foster the smooth supply of energy coal from Australia to Japan.

Keidanren was involved in the issue of energy coal importation from Australia for a number of reasons. Firstly, long-term plans for energy resource supply was a crucial issue for the overall Japanese business community. This matter was of particular concern to industries that were heavy consumers of energy resources, such as the electric power, cement and paper-pulp industries. Keidanren, as a peak business organisation of big companies and industrial associations, was in a better position to look after this issue than Nissho, which was the central body of local Chambers of Commerce and Industry. Members of the Executive Committee on Coal were not only top businessmen of the companies but also represented associations of their industry. In order to forecast future trends in energy coal demand, to determine Japan's strategy for securing energy sources and to improve infrastructure that could benefit Japan's overall business community, it was indispensable that there be close consultation across industries. In the early 1980s, for instance, the construction of a coal stock centre was considered by related industries. In this case, obtaining space for the centre and developing port facilities would be too costly for one industry.
Therefore, the plan had to be discussed among industries first, and then requests made for government support.\(^{86}\)

Secondly, Japanese coal consuming industries wanted more bargaining power on price in negotiations with exporters by exchanging information and setting up a common strategy for purchasing energy coal. In 1981, the price of oil had already started falling. A senior businessman from Mitsui Corporation said that close consultation on purchasing coal among the steel, cement and electric power industries would make it easier for Japanese coal consuming industries to avoid unreasonably high prices.\(^{87}\) Many businessmen also agreed that although Australia would be the most important supplier, Japanese consumer industries should keep bargaining power by looking for other sources, such as the United States and Canada, as well as Australia.\(^{88}\)

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87. Ibid., p.12.

88. Ibid., p.17.

A similar shift in the operation of private economic diplomacy from Nissho to Keidanren was observed in the case of creating a committee on development projects in Argentina. The Japan-Argentina Business Cooperation Committee was established in 1977 and administered by Nissho. However, when the Argentinian government requested the Japanese government and business community to assist its development plan of a steel mill in 1979, a committee considering this issue was set up under the auspices of Keidanren. The project involved plant exportation from Japan, electrification of a railway, and development of telecommunication systems in Argentina. The committee arranged the investment from related Japanese companies and coordinated negotiations with the Argentinian government. The project also required cooperation amongst Japanese big business and the government, and Keidanren was regarded as a more appropriate
In short, Keidanren, as a body of representatives from industrial associations as well as big business, could organise more easily than Nissho a consulting mechanism across a number of big industries. The administrative structure of Keidanren was also established to support the interests of big business, and to unify their opinions on the direction of the Japanese economy. Energy coal issues were dealt with by staff members of the Industrial Affairs Department. The JABCC, under the auspices of Nissho was, therefore, a less suitable body in practice to lead in areas that required cooperation among big business. This feature of Keidanren also explains why issues of Japanese investment in Australia tended to be brought to Japanese business leaders through Keidanren.

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The main functions of the JABCC were to provide various communication channels for Japanese business leaders with Australian business by holding joint meetings with the AJBCC, organising receptions and ad hoc meetings with Australian leaders who visited Japan, and administering counterpart bodies of other organisations.

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body for coordination than Nissho. When the Japanese side had problems in collecting contributions for the project, the Chairman of Keidanren made efforts to advance the project and assisted the conclusion of an agreement for the project between Japan and Argentina. [See Jinpachiro Hanamura, 'Somisa iinkai no katsudo o kaikoshite', Keidanren Geppo, vol.31 no.2, 1983, pp.65-68.]

89. It is now called the Energy and Industrial Affairs Department.
Through these communication channels Japanese business leaders were able to express collectively their opinions about issues arising in Australia-Japan economic relations. At the joint meetings, issues concerning Japanese business circles were constantly brought to the attention of the Australian business community and government. Even though it had no formal mechanisms to unify members' opinions, the JABCC was able to present papers on critical issues in the Japanese economy as a whole before the AJBCC. A preparatory meeting among JABCC members preceding a joint meeting (although lower level businessmen actually prepared the presentations for the joint meetings) certainly assisted in the coordination of presentations by the Japanese side.

It should be stressed that the Japanese business community demonstrated flexibility in setting up mechanisms for approaching foreign business circles and governments. Whether staff members and leaders of the organisations intended it or not, there was still a division of labour between Keidanren and Nissho according to issues. Despite occasional rivalry between staff members and leaders of the two organisations, they were able to decide between them location for the secretariats of various committees and missions. Since both Keidanren...

90. For instance, staff members of Keidanren emphasised the independence of Keidanren from any particular ministries, by pointing out that financial assistance from MITI restricted the activities of Nissho. [Personal interviews, 23 January 1987, and 23 March 1987, Tokyo.]
and Nissho were financially secure and did not have to attract members in order to keep functioning, activities along the lines of organisational entrepreneurship by staff members could be minimised.

The JABCC also played a significant role in familiarising Japanese businessmen with Australian political and business leaders and vice versa. In an atmosphere of familiarity, leaders from the two business communities could raise more delicate and controversial matters. Furthermore, through their contacts with Australian leaders, Japanese business leaders could obtain information that might affect their business in Australia and expand their personal networks for business purposes. The increase and shift in membership of the JABCC suggests that it attracted new members from new business fields in Australia-Japan trade (see Appendix 5).

The interest group functions of the JABCC, however, were not dominant. The JABCC did not develop mechanisms for coordinating members' interests on specific issues, nor did it develop any optimal methods of representing them in order that further action could be taken. The JABCC in particular showed limited ability to unify domestic interests on the subjects that were related to the overall Japanese economy. Presentations at the joint meetings aimed to publicise views of Japanese business circles, rather than to outline actual solutions. Discussions at the joint meetings opened up dialogue among interested parties, but further action was
undertaken by other appropriate organisations. Furthermore, when Australian leaders visited Japan, the appropriate host organisations were determined by who was visiting and the type of issues that would be discussed. If the issues required commitment and cooperation among big business, such as energy coal importation, uranium exploitation and investment, the meetings were organised by Keidanren, or jointly by Keidanren, Nissho, Boekikai and other organisations. If the visitors were high level leaders, receptions and meetings were organised jointly by peak business organisations in order that the Japanese business community as a whole could host them.

The characteristics of Nissho limited the function of the JABCC in terms of coordinating domestic interests. Where issues needed the cooperation of big business, Keidanren undertook the task. Because of Nissho's administration, on the other hand, the JABCC became more suitable for introducing Australian exporters of non-traditional commodities to Japanese business circles.
The AJBCC has had a unique input into the Australian business community. Although the committee did not effectively organise collective action towards the Australian government or the Japanese business community, it made an important contribution to the development of domestic mechanisms for dealing with issues arising in the Australia-Japan relationship.

The AJBCC had problems in resolving whose interests should be represented by the committee. The strong representation of manufacturers dissatisfied the Japanese side, and also created friction with other sectors in Australia, in particular the mining sector. To a large extent, the friction among AJBCC members limited the AJBCC's activities as an interest group. Some AJBCC activities were largely the product of the personal commitment of individual members.

The first part of this chapter will discuss how the interests of Australian business circles were represented in the AJBCC and how these interests changed over time. Later sections will explain how the AJBCC functioned in Australia, focussing on its promotion of Japanese studies in secondary schools and in tertiary education. This was one achievement of the AJBCC's domestic activities, although the actual work of promotion relied heavily on individual members. The development of systematic
channels of communication between the AJBCC and the Australian government will also be analysed.

Manufacturers' Interests and their Influence

Representation of manufacturers' interests

The distinctive character of the AJBCC was its creation on the initiative of Anderson, who was a business lobbyist rather than a businessman. Anderson worked on behalf of Australian manufacturers' interests which were basically protectionist, and at the same time tried to convince leading manufacturers that international committees such as the AJBCC would be beneficial. The initial position of the AJBCC therefore encapsulated a basic contradiction: the protectionist stance of manufacturers against Japanese exports to Australia (which conflicted with Japanese business interests); and a pro-Japanese view aiming to expand Australian exports to Japan (which was in the interest of the mining sector in particular). Anderson's initiative in creating the AJBCC and its administration by ACMA pushed the committee in the direction of manufacturers' interests and, as a result, obstructed cooperation among members. This in turn suggests that the AJBCC incorporated interests that were too diverse for it to act collectively as an 'interest group'.

Of the original members of the AJBCC, 11 (out of 25) were related to either ACMA or state chambers of manufactures (Appendix 3). Only W. Morgan and Edward
Warren represented mining industries. The selection of initial members of the AJBCC caused embarrassment amongst some of the Japanese and Australian businessmen who had a strong interest in future trade relations on a large scale. Despite the Japanese side's expectation that the AJBCC would represent big business, many of the initial Australian members were medium sized manufacturers. This feature of the AJBCC was quite different from what had been envisaged by the Japanese side. It sought a counterpart body with leading businessmen from big companies and expected the counterpart body to represent opinions of the whole business community.

The Japanese side was also dissatisfied with the fact that BHP was not invited to take up AJBCC membership, largely because ACMA did not invite BHP to join the committee.¹ Nagano was unhappy because he had mentioned the formation of the committees to Ian McLennan (Chief General Manager of BHP) during his visit to Australia as a leader of the goodwill mission. The Japanese side pressed informally for the Australian committee to include big firms such as BHP as members.² An Australian businessman who was in Japan to deal with Japanese buyers reported to his company's headquarters in

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1. Personal interview, 22 November 1987, Melbourne.

2. For instance, when an Australian businessman from CRA saw Nagano at a business reception, Nagano said that he was pleased to learn that Maurice Mawby who was a chairman of CRA had joined the AJBCC. The businessman reported to Mawby that Nagano said he felt that the Australian committee was of a 'lower standard than the Japanese one'. [Correspondence, 17 July 1964, CRA Records, 2/5/1/8/1.]
Australia that the Japanese wanted to see big company representatives in their counterpart group and that some Australian businessmen were concerned about the dissatisfaction expressed by the Japanese side.\(^3\)

A change of membership occurred in 1964. Edward Warren, the Chairman of Australian Coal Association, was elected President of the AJBCC (however, later on many of the members of the mining sector believed that he did little in representing the interests of the sector, although he had a mining industry background). Maurice Mawby was invited to join the committee in 1964\(^4\), McLennan in 1966\(^5\), and R. Madigan (Managing Director of Harmersley Iron Pty Ltd) in 1967.\(^6\) A move to change the membership further, however, had to wait until the early 1970s when Anderson retired as Director of ACMA.

The initiative taken by Anderson in the establishment of the AJBCC created many problems with the representatives of the mining companies, particularly with respect to protection policies. ACMA was a strong supporter of protection and was always sensitive about any increase in imports of manufacturing commodities. Towards the end of the 1960s, some non-manufacturing

\(^3\) Correspondence, 24 July 1964, CRA Records, 2/5/1/8/1.

\(^4\) Correspondence, 4 June 1964, CRA Records, 2/5/1/8/1.

\(^5\) Copy for information to the AJBCC members, 13 May 1966, CRA Records, 2/5/1/8/8.

\(^6\) Correspondence, 16 February 1968, CRA Records, 2/5/1/8/2.
members were looking for a way to reduce the influence of ACMA in the operations of the AJBCC.

A press release by Anderson just before the second joint meeting between the AJBCC and the JABCC in 1964 clearly reflected ACMA's expectations of the meeting. The press release stated:

Mr. Anderson said he expected that one of the most interesting discussions could centre on the Committee's concept of "agreed specialisation" that is, are there areas of specialisation in particular industries with each other in the sharing of markets both here and the Pacific area. 7

In 1966, ACMA published an article in its Canberra Letter claiming that 'Japan must be classified the number-one trade threat of the future'. It further stated:

Listed among the major achievements of the Australia/Japan Business Co-operation Committee is the understanding by the Japanese that it is in their own interest to exploit the Australian local market not supplied from Australian production but from the sources overseas. 8

Furthermore, at the fifth joint meeting, Anderson even argued that Japanese exporters could and would continue to benefit from the tariff policy followed by the Australian government. He confirmed this point in a letter to the Japanese committee, by suggesting:

Instead of continually criticising our tariff system Japanese industry should be a supporter of it. And it would be a refreshing change

and a definite expression of Japanese goodwill and desire not to upset or disrupt the Australian economic scene and our plans for national development and expansion.9

In the latter half of the 1960s, Anderson tried to maximise the committee's representation of manufacturers' interests by utilising ACMA staff and his position as the Director-General of the AJBCC. The issue of Australian tariff policy in particular was always looked after by the secretariat through the writing of agenda papers for the joint meetings, corresponding with the Japanese committee and replying to criticisms expressed by the media.

The protectionist attitudes expressed by the AJBCC towards Japanese imports were strongly criticised by some members of the AJBCC.10 In 1967, a number of mining sector representatives in the AJBCC held several private meetings to discuss how to 'rehabilitate the standing' of the AJBCC and 'to improve its overall image' in some way.11 They agreed to have 'a strong Executive Committee of about twelve people who were strongly interested in trade with Japan on a substantial scale'. It was also


10. An active member of the AJBCC who worked for a mining company commented that the AJBCC had been run by ACMA and 'they had consequently been coloured'. [See Memorandum, 23 June 1967, CRA Records, 2/5/1/8/4.]

suggested that it might be necessary for the AJBCC to set up its own administrative organisation.\textsuperscript{12}

Some members of ACMA were skeptical about their organisation's commitment to the AJBCC, in spite of Anderson's efforts to represent manufacturers' interests in the AJBCC. This suggests that the AJBCC did not function effectively as an interest group promoting manufacturers' interests. The reason for their dissatisfaction was partly because many manufacturers regarded Japan as a threat to their industries and were afraid that the AJBCC would assist Japanese exports to Australia rather than protect Australian manufacturers. It was also due to the administration of the AJBCC which took up too much of the ACMA's director's time and ACMA facilities. In 1968, a report was submitted to the Federal President of ACMA about ACMA's participation in the AJBCC. The report stressed the benefits for ACMA in being involved in the AJBCC. It provided opportunities to express Australian manufacturers' opinions to the Japanese business community, obtain Japanese responses and influence Japanese action in relation to Australian manufacturers' interests.\textsuperscript{13} The report concluded that

\textsuperscript{12} Memorandum, 4 October 1967, CRA Records, 2/5/1/8/7.

\textsuperscript{13} It said that, firstly, the debates in the AJBCC gave an opportunity for ACMA to express its opinions to AJBCC members who were representing different sectors and who were not 'prepared to be vocal in their appreciation of the value and vital importance of Australia's support policies to our secondary industries'. Secondly, it argued that contacts with Japanese leaders through the AJBCC's activities facilitated ACMA's responses to the Japanese business community. Thirdly, the report mentioned that AMCA could influence Japanese exporters to utilise the by-law system and could press the
there were 'many other intangible benefits flowing to manufacturing industry' and that 'it should be a cordial policy of the ACMA Executive to fully support the work of our ACMA representatives and the Federal Director in influencing the direction and special activities of the Australia/Japan Committee'.

The Director of ACMA, Anderson, was very enthusiastic about the activities of the AJBCC. In 1972, only Anderson himself was representing ACMA on the AJBCC as well as being the Director-General of the AJBCC. The number of members representing ACMA decreased from 12 in the inaugural membership of 1962. Anderson said at the Board meeting of ACMA that ACMA and State Chambers should actively publicise the activities of the AJBCC (and PBEC) and encourage greater participation in their activities by Australian manufacturers. However, ACMA's executives were not as enthusiastic as Anderson about the AJBCC. It was reported in the minutes of the Board meeting that 'the meeting generally accepted the principle of continued ACMA involvement and the possibility of individual company representatives acting also on behalf of ACMA'.

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Japanese side to allow greater access to its market for Australian manufactures.


15. Minutes of the Board Meeting of ACMA, 22 November 1972, CAI Records, Z187, Box 74. Also see Appendix 6.

Representation of wider business interests

It is hard to believe that Anderson became heavily involved in the activities of the AJBCC only because he believed that the AJBCC could function to limit the inflow of undesirable Japanese commodities. Much can be explained by his organisational entrepreneurship. He was aware of the demands in the Australian business community for setting up systematic communication channels with the Japanese business community, and on the personal side, there were benefits to be had from providing secretarial services for the AJBCC. Anderson's organisational entrepreneurship also explains why the AJBCC was formed even though there were diverse interests among members. Given that members were interested in making contact with Japanese business leaders, they were willing to pay the membership fee used to meet the cost of secretarial services provided by Anderson for the regular meetings of the committee.

Tsokhas observed that 'Anderson was relieved that he would no longer be wearing "two hats"' when he retired as Director of ACMA, because 'state chambers of manufactures often criticised Anderson over the compromises he was compelled to agree to in the AJBCC and PBEC'.

It was decided at the Executive Committee Meeting of the AJBCC in February 1972 that the committee would recommend to the General Meeting that Anderson continue as Director-General of the AJBCC and the Australian Committee of

PBEC. 18 Anderson remained in these positions until 1975.

Actual steps towards electing a new President were taken when Warren expressed his intention to retire from the Presidency in 1971. At this occasion, some Australian business leaders attempted to reform the AJBCC so that the more positive interest of some Australian companies in trading with Japan could be represented. When Warren hinted that he might resign, some members from the mining sector gathered to discuss the matter and agreed to obtain support from other members to elect James Vernon as President of the AJBCC. An Australian businessman in Japan also approached Nagano and sounded out his opinion on Vernon's Presidency, which was quite favourable. 19 At the Special Meeting of the AJBCC and PBEC in 1972, Warren announced his resignation as president of the two committees. The meeting elected Vernon as President. Vernon then recommended setting up a group of members to consider separating the administration of the AJBCC and PBEC from ACMA. 20

Anderson's retirement also affected the administration of the AJBCC. At this stage, the amalgamation of ACMA and the Australian Council of Employers' Federations (ACEF) had already been under consideration by leaders of the two organisations. When

18. Minutes of the Executive Committee Meeting of the AJBCC and PBEC, 9 February 1972, CRA Records, 2/5/1/8/50.


20. Minutes of the Special Meeting of the AJBCC and PBEC, 7 July 1972, CRA Records, 2/5/1/8/51.
Anderson expressed his willingness to retire in 1973 (he did not actually retire until 1975), two questions were raised. One was whether the AJBCC and PBEC should continue to be administered by ACMA, and the other was whether the AJBCC and the Australian Committee of PBEC should remain a single body.21

These matters were also discussed by ACMA members. At the ACMA General Council Meeting in 1972, the significance of manufacturers getting involved in international affairs was questioned. At this meeting, a submission to set up an international division in ACMA was also made. Robert Webster, who was the Honourable Treasurer of the AJBCC as well as an executive member of the ACMA, stated that 'it was important to keep the administration of the Committee in the hands of manufacturers (emphasis added) and this should be done through ACMA'. He continued further by mentioning that 'it would be a great mistake for the Chambers to lose the secretariat and that the question of expense should not be a dominant consideration'.22

In 1975, a big step was made towards setting up a secretariat to conduct private economic diplomacy representing the entire Australian business community. A meeting of the Chairmen of the AJBCC, Australia-China Business Cooperation Committee (ACBCC) and the Australia-

21. Presidential address at the 12th Annual Meeting of the AJBCC and PBEC, 4 December 1973, Broken Hill South (BHS) Records, Box 42.

Indonesia Business Cooperation Committee (AIBCC), and the Director of ACMA was held in order to discuss the future administration of these business cooperation committees. Vernon said at this meeting that he had investigated the feasibility of establishing an independent secretariat for various business cooperation committees in Canberra. He stated that cost considerations and the inevitability of higher membership subscriptions had persuaded him of the merits of seeking assistance from some established body (i.e. ACMA). Vernon also indicated that the body formed from the ACMA and ACEF merger would provide a suitable 'home' for the AJBCC. He commented that the new body would then not have such specific links with manufacturing as distinct from other sectors in the Australian business community.23

The mining sector was critical of the influence of the manufacturing sector in the operation of the AJBCC, not only because of the protectionist views of the manufacturing sector which were unpopular amongst the Japanese, but also because differences between the two sectors on this issue showed lack of unity amongst the Australian business community towards the JABCC. A participant to the fifth joint meeting reported that the AJBCC 'did not speak as a body' and that 'the speaking was done mostly by Sir Edward Warren and Bob Anderson and much of what they said had not been discussed and agreed

23. Notes of the Meeting of chairmen of Business Cooperation Committees, 18 March 1975, BHS Records, Box 42.
to by all the members before hand'.

W.O. Bourke (Managing Director of Ford Motor Company of Australia Limited) also pointed out at the General Meeting of the AJBCC in 1969 that he had been impressed by the manner in which the Japanese committee had represented a united front at the previous joint meeting.

The change in the membership of the AJBCC reflected the shift in the overall Australian interest in trade with Japan. Throughout the 1960s, Australian business groups that were interested in promoting trade relations with Japan became more influential than the protectionists in the Australian business community. From the mid-1970s onwards, tariff policy was no longer a crucial issue at the joint meetings. This was because British preferential tariffs were eliminated on British entry into the EEC and the Australian government's decision to undertake a big tariff reduction in 1973. According to Matthews, ACMA itself gradually lost its influence as a pressure group from the late 1960s onwards. In the 1970s, the number of members from the mining and the financial sectors increased rapidly (Appendix 6).

Formalities of AJBCC operations

In the early period, the AJBCC did not want an 'open

door' policy towards membership. For instance, when a member company of the Melbourne Stock Exchange applied for membership of the AJBCC, Warren asked: 'Do we open our books to practically everyone?' He considered that the AJBCC should keep its membership 'top level'. A Special Meeting in July 1972 agreed that the Executive Committee would draw up guidelines for membership.\textsuperscript{27}

Under the Presidency of Vernon, the committee became more active in acquiring more members. At the General Meeting of October 1972, Vernon told members that the committee should be looking for new members from significant companies actively or potentially involved with Japan and the Pacific area. He presented a list of possible members to be approached, such as Myers, Mt. Isa Mines, Qantas, Australian National Line, Broken Hill South, Australian Paper Manufactures, Mt. Newman Mining Co., Bougainville Copper Pty Ltd, James Hardie & Co Pty Ltd and others. The meeting agreed to this suggestion.\textsuperscript{28}

Under the Presidency of McLennan, the AJBCC membership was expanded even further.

The AJBCC also investigated new guidelines for membership by questioning whether foreign capital companies in Australia and semi-governmental companies could be members. The Executive Committee recommended three basic requirements for membership before the General Meeting in 1974. The requirements were: '1) A

\textsuperscript{27} Minutes of the Special Meeting of the AJBCC and PBEC, 7 July 1972, CRA Records, 2/5/1/8/51.

\textsuperscript{28} Minutes of the General Meeting of the AJBCC and PBEC, 19 October 1972, CRA Records, 2/5/1/8/57.
company must have a significant existing interest or a significant potential interest in some aspects of Australia/Japan Trade or Finance... The Committee could accept for membership subsidiaries of overseas companies or companies with significant overseas ownership; 2) It is essential that the company or organisation must be prepared to be represented by a very senior person preferably the chief executive; 3) The AJBCC is essentially a private business enterprise organisation... It would accept that these government or semi-government bodies have a proper place in AJBCC affairs'. 29 At present, any company in Australia except one with more than 50 per cent of the shares held by Japanese is eligible to apply for membership. Companies whose majority of shares are held by Japanese are potential members of the JABCC. 30

The AJBCC kept more formal communication networks among members than the JABCC. The AJBCC tended to see itself as a group of influential businessmen who were also aware of Japanese businessmen's views of Australia. The AJBCC had an Annual Meeting and several General Meetings a year, as well as several meetings of the Executive Committee. At the Annual Meetings, executive members were selected and the financial statement was made. The secretariat often circulated memoranda to the members on committee concerns, press releases, and other

29. Minutes of the General Meeting of the AJBCC and PBEC, 19 September 1974, BHS Records, Box 42.

30. Personal interview, 22 April 1988, Canberra.
various pieces of information. In 1978, the services of 'Japanese News in Brief' began. This newsletter contained translated abstracts of Japanese newspaper articles and was sent to members almost every fortnight. Unless invited to join, a new member of the AJBCC had to be approved by the Executive Committee.

The AJBCC had sub-committees on joint ventures, trade problems, Pacific organisation and personnel exchange. Despite the fact that a General Meeting in July 1965 re-affirmed that there should be greater use of the sub-committee system, it did not work well. It was agreed in the committee that the sub-committee system should be used especially for the production of papers for joint meetings, and it was recommended that the sub-committee should meet as often as possible even if only a relatively few members could at the time attend the meetings. However, a businessman who worked closely with Morgan, who was the Chairman of the Joint Ventures Sub-Committee, confirmed that the sub-committee did not meet. Even agenda papers presented by the sub-committee were not drafted by Morgan or the staff of his company, Western Mining Corporation. The most active sub-committee was that on personnel exchange. However, the activities of this sub-committee were almost entirely

31. BHS Records, Box 42.
33. Ibid.
34. Personal interview on the phone, 16 November 1987, Melbourne.
reliant on efforts made by E.T. Biggs who worked for Maurice Mawby, the Chairman of the personnel exchange sub-committee, and who became the successor to Mawby as chairman.

Promoting Japanese Studies in Australia

The importance of promoting Japanese studies in Australia was appreciated by Australian business leaders who regarded Japan as a big potential market for Australian exports. In the early 1960s, Japan was still unfamiliar to Australian business circles. The AJBCC's commitment to the promotion of Japanese studies in Australia illustrates how individual members utilised the AJBCC as an instrument to advance their personal beliefs.

Maurice Mawby was enthusiastic about promoting Japanese studies in Australia, even before he became a member of the AJBCC. In 1958, D. Hibberd (Managing Director, Comalco Industries Pty Ltd) visited Japan to negotiate with Japanese companies exporting bauxite from Australia and importing calcined magnesia soda from Japan. On his return he reported to Mawby that Japan could be a big potential market for Australian minerals and recommended the establishment of Japanese studies in Australia in order to promote trade with Japan. Mawby agreed with Hibberd's recommendation and started writing personal letters to various State and Federal ministers to direct their attention to this issue. He wrote that:

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35 Mawby agreed with Hibberd's recommendation and started writing personal letters to various State and Federal ministers to direct their attention to this issue. He wrote that:

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35. Personal interview, 21 November 1987, Melbourne.
'I believe that [promoting Asian studies] is most important and absolutely essential if we are to obtain best understanding between Australia and our nearest neighbours, and at the same time, increase the trade between our countries'.

He also wrote that he was 'looking forward to the day when Australian companies will have Australians proficient in Japanese, who can handle negotiations in the Japanese tongue and, perhaps what is more important, learn to negotiate with an understanding of the Japanese way of doing business and of life generally'.

Biggs was also very enthusiastic about using the committee to promote better understanding between Australia and Japan. The following quotation showed this strong interest:

I quite agree that a group of our size [CRA Group] with so many trading links with Japan should be represented on this committee [AJBCC]... If I were invited to join or help in any other way, I would of course readily do so. However, all the other members are the heads of their companies... There is a lot of useful work for the committee to do; e.g. sponsoring a chair of Japanese at the University, encouraging the teaching of Japanese in schools, arranging exchanges with employees in Japanese companies. The chairmen of the various member companies will be too busy to undertake such work themselves and will need to delegate it. If our group is represented on the committee I could then perhaps assist in this capacity.'

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37. Correspondence, 29 December 1964, CRA Records, 2/5/1/8/1.
Biggs's ideas of possible work to be done by the committee later materialised through his personal efforts. With his strong commitment, the Sub-Committee for Personnel Exchange established scholarships for graduate students to study in Japan, travel grants for undergraduate students, a teacher exchange scheme between Australia and Japan, an exchange scheme for school students, and encouragement of Japanese studies at universities. The sub-committee also initiated the creation of a cultural centre in Japan and the conclusion of a Cultural Agreement. 39

At the second joint meeting, Mawby suggested that both committees would establish sub-committees to press for governmental approaches and to obtain the support of industrial organisations for the establishment of Japan-Australian Travel Grants and Training Schemes. He also suggested that the Australian committee should press for the teaching of the Japanese language in Australian secondary schools and universities. Following his recommendations, a sub-committee was set up in 1964 with Mawby's chairmanship and Edward Warren, R.V. Allison and R.W.C. Anderson as members. 40 As enthusiastic as they were, Mawby and Biggs were often frustrated by and dissatisfied with the disinterest shown by the Japanese committee, the Australian state and federal governments

39. The sub-committee's involvement to the conclusion of a cultural agreement will be discussed in Chapter VII.

40. Correspondence, 2 October 1964, CRA Records, 2/5/1/8/1.
and other members of the Australian committee.

The Japanese committee constantly showed less enthusiasm about personnel exchange matters than the AJBCC. All exchange matters were initiated by the Australian sub-committee. A former staff member of Nissho recalled that Japanese business leaders were not interested in accepting foreign employees under an exchange scheme, because they could not find suitable positions for short-term foreign employees who could not follow their working procedures. He also mentioned that business leaders were skeptical about Australian-English. It could also be claimed that Japanese business in general was not interested in cultural exchange matters at that time. Biggs certainly noticed the negative response of the Japanese side to his idea of a teacher exchange scheme. He believed that in order to get the Japanese sub-committee to go along with the Australian proposal, the Australian side must not only show that it was practicable, but also go along with the Japanese views. The Japanese side was keen to support existing organisations for the exchange of groups of university students, such as the Japan/Australia Student Exchange Federation rather than setting up a new scheme.

41. Sydney Crawcour, who was a leading scholar in Japanese studies in the Australian National University, attended the third AJBCC/JABCC joint meeting as an observer and made a report. In his report, he said that the Japanese committee was unenthusiastic about personnel exchanges and that the initiative had to come from the Australian committee. [See Dr. S. Crawcour's Report on the Third Joint Meeting, CRA Records, 2/5/1/8/5.]

42. Personal interview, 2 March 1987, Tokyo.
between the AJBCC and the JABCC. 43

Many of the Australian members and leaders of the AJBCC were not keen on the idea either. Mawby once commented that: 'The present leadership of the Committee does not think the [exchange] programme serves a useful purpose... I hate to divert our energies to something which does not meet with great enthusiasm'. 44

As Mawby suggested, setting up Japanese language classes in schools, raising funds for Japanese studies at universities and for scholarships, and finding schools to accept teachers from Japan under the exchange scheme were all 'very much a personal approach'. 45 Mawby wrote personal letters to the leaders of various Australian companies to raise funds for AJBCC's scholarships and travel grants, and for setting up Japanese studies in various universities in Australia. 46

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43. Correspondence, 27 August 1965, CRA Records, 2/5/1/8/5.


45. Ibid.

46. These included the University of Queensland and the University of Western Australia. [See Correspondence, 1 November, 16 January, and 24 July 1967, CRA Records, 2/5/1/8/0, 2/5/1/8/12, and 2/5/1/8/15.] In the case of the University of Melbourne, he raised funds for scholarships to encourage Japanese studies after the Oriental Studies Department was established with the support of the Myer Foundation. [See Memorandum, 19 February 1964, CRA Records, 2/5/1/8/0.] He also supported the raising of funds for honours students in Japanese Studies at Monash University to visit Japan. [See Correspondence, 20 October 1969, CRA Records, 2/5/1/8/33.] When the previous financial supporter of the Saionji Memorial Scholarship withdrew funding in 1968, Mawby initiated the Hamersley donation to continue the scholarship that was later named the Saionji-Hamersley Scholarship.
Mawby and Biggs agreed that it was more important to promote the teaching of Japanese at school level than at tertiary level in order to spread knowledge about Japan. Mawby again wrote many letters to State Directors of Education, Education Ministers and the Prime Minister, asking them to accept Japanese language as a subject in schools. In 1965, Biggs presented a paper on behalf of Mawby at the joint meeting and proposed an exchange scheme of Australian and Japanese school teachers and university graduates. The Japanese side was not keen on the Australian proposal. The Australian sub-committee appointed Biggs and Sissons (an Australian academic specialised in Japanese studies) to investigate the possibility of a teachers' exchange scheme. State government responses were not encouraging at all. The first Japanese teacher arrived in Victoria in 1966 to be employed at a private secondary school with a travel grant from the JABCC. Until the end of 1960s, Biggs had difficulty in finding schools prepared to accept a

Around the mid-1960s, Mawby raised about $15,000 a year through personal letters for matters relating to Japanese studies in Australia.

47. 'Activities of AJBCC Exchange Sub-Committee on Japanese Language Course', 9 August 1967, CRA Records, 2/5/1/8/16.


49. Biggs commented that 'at the Japanese end the scheme [was] too much of an exploring stage for us to make any proposals to schools or universities here'. [See Correspondence, 5 July 1965, CRA Records, 2/5/1/8/0.]

50. Correspondence, 29 December 1964, CRA Records, 2/5/1/8/1.
Japanese teacher for Japanese classes.  

Sending Australian teachers or graduates of Japanese studies to Japan was also troublesome. The Australian committee decided to offer travel grants to two Australians to visit Japan to study Japanese, but it could not get guarantees from the State Education Departments to give them leave of absence, or to employ them as Japanese teachers after their return. Wheeler, who was an assistant to the Director-General of the AJBCC, wrote to Biggs: 'What a battle we have had to give away $1250. Our biggest obstacle is to open the eyes of the State Education Departments to the value of the scheme'.

The establishment of the AJBCC scholarship for an Australian university graduate to study in Japan for a year was also initiated by Mawby and Biggs. At first, Anderson was critical of raising funds among AJBCC members for exchange programmes. Anderson replied to Biggs when they discussed the matter that the role of the committee was solely as an initiator of projects and that no funds of the committee could be used to support exchange projects. At the fourth joint meeting, the AJBCC and the JABCC agreed on the establishment of an exchange of scholarships for university graduates or

51. Biggs had to write almost fifty letters to schools every year to inquire about their intention to have Japanese language classes.

52. Correspondence, 2 May 1972, CRA Records, 2/5/1/8/57.

undergraduates; as well as the continuation of the teacher exchange scheme and the recommendation to both governments to conclude a cultural agreement.\footnote{Minutes of the 4th Joint Meeting, 1966.}

At the AJBCC general meeting in 1966, Biggs recommended to the committee on behalf of Mawby that members should contribute a levy towards financial support for the scholarship. This proposal was 'knocked back by the committee under the leadership of Bob Anderson'.\footnote{Memorandum, 14 December 1966, CRA Records, 2/5/1/8/11.} The fund for the AJBCC scholarship was again raised in Mawby's personal letters to the members until the committee decided to accept financial responsibility in 1967. Meanwhile the members of the Exchange Sub-Committee were reduced to one, Mawby himself.\footnote{Mawby asked McLennan to join the sub-committee. [See Correspondence, 9 November 1967, CRA Records, 2/5/1/8/19.]}

After the committee agreed to accept the financial responsibility, Biggs approached government officials in the Department of External Affairs.\footnote{Biggs had been stressing that it would first be necessary for the Committee to establish an exchange programme in order to ask for financial support for the programme from the government. [See Memorandum, 14 December 1966, CRA Records, 2/5/1/8/11, 14 June 1967, 2/5/1/8/14, and 25 August 1967, 2/5/1/8/16.]} By underlining the fact that a businessmen's organisation (AJBCC) decided to fund a scholarship, Biggs was able to emphasise the importance of the matter and press the government on behalf of the committee to take responsibility. In 1968, the Australian government

\begin{itemize}
\item \footnote{Minutes of the 4th Joint Meeting, 1966.}
\item \footnote{Memorandum, 14 December 1966, CRA Records, 2/5/1/8/11.}
\item \footnote{Mawby asked McLennan to join the sub-committee. [See Correspondence, 9 November 1967, CRA Records, 2/5/1/8/19.]}
\item \footnote{Biggs had been stressing that it would first be necessary for the Committee to establish an exchange programme in order to ask for financial support for the programme from the government. [See Memorandum, 14 December 1966, CRA Records, 2/5/1/8/11, 14 June 1967, 2/5/1/8/14, and 25 August 1967, 2/5/1/8/16.]}
agreed to allocate $4,700 per year in order to duplicate the committee's scholarship and offer two travel grants.\textsuperscript{58}

Biggs also initiated an exchange scheme for high school students. At the thirteenth joint meeting in 1975, the Australian sub-committee made a proposal to set up a high school students exchange scheme and in December 1975 the first group of Australian students visited Japan.\textsuperscript{59}

These exchange programmes are under review in 1989, and a new direction towards educating businessmen is sought by the AJBCC. A management programme of 'doing business with Japan' for businessmen is under consideration by the AJBCC and is linked to an Australian academic institution. Scholarships for postgraduate study in Japan have been discontinued since 1985.\textsuperscript{60}

The Personnel Exchange Sub-committee was also involved in setting up an Australia-Japan cultural centre in Tokyo. From the end of 1960s onwards, a few ideas about the establishment of a cultural centre were proposed.\textsuperscript{61} At the ninth AJBCC/JABCC joint meeting, the

\begin{itemize}
\item \textsuperscript{58} Correspondence, 30 September 1968, CRA Records, 2/5/1/8/26.
\item \textsuperscript{59} 'Personnel exchange', paper presented by the AJBCC at the 14th joint meeting, 1975.
\item \textsuperscript{60} Personal interview, 22 April 1988, Canberra.
\item \textsuperscript{61} For example, a Monash University Professor approached the AJBCC to seek funds for a student
\end{itemize}
Japanese ambassador to Australia mentioned the issue of a cultural centre in his opening speech. At this meeting, both committees agreed to study the question of establishing cultural centres in both Australia and Japan. In the same year, the possibility of buying an old house in Tokyo and moving it to Australia was considered. In 1973, the Australia-Japan Student Centre was set up in Tokyo, but in 1975 the JABCC urged its closure. The AJBCC then asked the Australian government for financial support amounting to $250,000. At the same time the establishment of an Australia-Japan Academic and Cultural Centre was proposed by the Japanese side. The establishment of this centre was not accomplished very smoothly, mainly owing to misunderstanding between the Japanese and the Australian sides. In 1975, it was suggested by the Australian side that the centre would be located in Japan under the auspices of the Australian Embassy, but the Japanese side wanted to keep the centre independent and not attach it to the Australian government. The Japanese committee

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64. Correspondence, 15 October 1974, Anderson Papers, Box 4.
held various meetings of its members, government representatives and academics in order to discuss the matter.\textsuperscript{66} In 1975 the centre was opened in Tokyo with the Australian government's financial support and Japanese staff.\textsuperscript{67} The JABCC was rather upset about the opening of the centre, because they felt the decision was made without enough consultation with the Japanese committee.\textsuperscript{68}

Apart from activities of the Personal Exchange Sub-Committee, some AJBCC member companies supported academic research projects related to Japan. In the 1970s, some AJBCC members made financial contributions to the Australia-Japan and Western Pacific Economic Relations Research Project at the Australian National University. The AJBCC as a group, however, was not involved in raising funds. When the establishment of the Australia-Japan Research Centre, which was based on the project, was proposed in 1979, financial support from Australian business for the centre was also sought through AJBCC members.\textsuperscript{69} Again, the matter was not taken up the AJBCC

\textsuperscript{66} Files of Exchange Sub-Committee of the JABCC, no.19 and no.20.

\textsuperscript{67} Books about Australia presented by the AJBCC were located in this centre. [Memorandum to members of the AJBCC, 4 May 1976, BHS Records, Box 42.]

\textsuperscript{68} Personal interview, 2 March 1987, Tokyo.

\textsuperscript{69} The centre was launched in August 1980 with an endowment of around $2 million from the Japanese government and the Japanese business community, and an Australian government's commitment of $1 million over 10 years. $50,000 was sought as contribution from the Australian business community. [Australia-Japan Research Centre files, AJ/CE and AJ/FU.]
as a group, but some members of the AJBCC, James Vernon and Ian McLennan in particular, became key persons in the Australian business community speaking on behalf of proposal and getting relevant business leaders to discuss the issue.

The commitment of some AJBCC members to the promotion of Japanese studies in Australia is worth noting. Their status in the AJBCC increased their qualifications to speak for the issue and enabled them to act as more 'public' figures. They used the AJBCC as an instrument to advance their belief, by for example, approaching AJBCC member companies to raise funds, and contacting the Australian government and other appropriate institutions on behalf of the committee. Although the AJBCC did not directly assist Australian business with Japan through the promotion of Japanese studies, its contribution to stimulating interest in Japan in the Australian community in general should be appreciated. Since Japanese studies has become popular, the AJBCC is planning to set up more business-orientated Japanese studies.

The AJBCC and the Australian Government

In the early 1970s, the Australian government started to pay more attention to the role of the private sector and the necessity of closer government-business relations in the management of the Australia-Japan relationship. Channels of communication between the
private sector and the government on issues arising in
the relationship were established in this period. In
other words, the AJBCC gradually gained legitimacy as a
businessmen's group to be consulted in the process of
formulating policy on Japan.

In April 1972, a Labor member of Parliament
questioned the role of the AJBCC with reference to a
newspaper report on the AJBCC/JABCC joint meeting. The
member asked whether the government supported the views
expressed by the committee, especially on issues like
'trade with China, immigration, and selected treaty
matters'. He also requested an assurance from the
Minister of Foreign Affairs that, in future, such 'high
level' questions would be left to the Australian
Parliament and not to a certain group of businessmen.70
The Minister replied to the question in the following
manner:

I think that the more contact there is between
businessmen of the two countries the better... The Government, of course, is not responsible
for any particular views put forward at these
meetings... As honourable members know, the
Government has set up a permanent
interdepartmental committee to co-ordinate all
matters affecting trade with Japan. We have
also set up a joint ministerial committee
composing Japanese Ministers and Australian
Ministers under the chairmanship of the
Australian or the Japanese Foreign Minister...
I think the Australian Government will be able
to take care of the Australian people, with
whom it is concerned, and I hope the
Australian businessmen will be able to take
adequate and prudent care of their interest.71

70. Commonwealth Parliamentary Debates, House of
Representatives, 12 April 1972, pp.1494-1495.

71. Ibid.
As the Minister stated, in the late 1960s, the government began to examine overall Australia-Japan relations and the machinery to deal with matters on Japan. As a result the government had closer contact on trade matters with business leaders. In 1970, the Interdepartmental Committee on Japan (IDCJ) was set up at permanent head or deputy level from several departments including the Departments of External Affairs, Prime Minister, Defence, Trade and Industry, and the Treasury. Matthews points out that the establishment of 'IDCJ was partly seen as a means of strengthening Australia's bargaining position vis-a-vis Japan'.

It was generally agreed both in the government and business community that the Australian position was not unified, unlike the Japanese, and that this weakened the Australian bargaining position. The press also criticised the lack of consultation between government and business, particularly in the process of preparing for joint meetings between the AJBCC and the JABCC. Matthews also points out that 'another reason for the IDCJ appears to have been a desire by External Affairs to weaken the hold that the Department of Trade and Industry

72. The first proposal for an interdepartmental committee on Japan was made in late 1968 by the Department of External Affairs to its Minister. Such a committee, however, did not eventuate. [T.V. Matthews, 'Interdepartmental committees', in Reports of Royal Commission on Australian Government Administration, vol.4, AGPS, Canberra, 1976, pp.293-294.]

especially the Minister Sir John McEwen) had established in matters relating to Japan'.

In 1971, the IDCJ became a standing committee, and regular meetings between the IDCJ and the AJBCC were held. One of the official purposes of the IDCJ was 'to ensure that greater official interest be shown in the activities of such bodies as the Australia-Japan Business Cooperation Committee'. The first AJBCC-IDCJ meeting was arranged in October 1972. The executive members of the AJBCC, James Vernon, Robert Webster, C.H. Rennie, Arvi Parbo and R.W.B. Reid attended the meeting. Following this meeting several similar meetings were held.

At the AJBCC-IDCJ meetings, topics at the AJBCC/JABCC joint meetings (such as conclusion of a treaty of friendship, commerce, and navigation; joint aid participation between Australia and Japan; Japan's economic situation; a cultural agreement; and the

75. There were some changes in the membership following administrative changes in the Labor Government. The Department of Mineral and Energy replaced National Development, and the Department of Overseas Trade replaced Trade and Industry. The Department of Secondary Industry became a member, and External Territories ceased to be a member when it was abolished. Thus the standing committee included the Departments of National Development, External Territories and Primary Industry, as well as the original members of the IDCJ (Departments of External Affairs, Prime Minister, Defence, Trade and Industry, and the Treasury). [Matthews, 'Interdepartmental committees', pp.300-301.]
76. Ibid., p.303.
77. Chairman's address at the AJBCC and PBEC Annual Meeting, 11 December 1972, Anderson Papers, Box 4.
proposal for an Australia-Japan Foundation) were discussed and the government's views were requested. For example, when the JABCC proposed joint aid participation between Japan and Australia to developing countries, a member of the IDCJ expressed concern about the image of Japan held by developing countries. He said that his department was skeptical about the benefit for Australia of a joint aid programme with Japan. The AJBCC also asked the IDCJ to give more information about government policies (such as investment and shipping) and outlines of the discussion at the Australia-Japan Ministerial Meetings.

Matthews commented that the Department of Foreign Affairs saw the IDCJ-AJBCC meeting as a useful means of making contact with senior businessmen and acquainting them with official thinking about Japan. The work of the IDCJ itself, however, became less significant in the political process. The Myer report concluded that

78. This member of the IDCJ also said that Australia's attitude to Japanese involvement in Papua New Guinea was equivocal. He said Australia did not wish to be used to give the Japanese the tag of responsibility, but on the other hand, the Japanese had much to offer to PNG. [See Summary record of a meeting between AJBCC and IDCJ, 22 August 1974, Anderson Papers, Box 4.]


81. It was reported in 1974: that 'IDCJ used to meet regularly twice a month, but no longer meet as frequently. The reason for this was that the IDCJ report on Japan had not been very favourably received by the Government'. [Summary record of a meeting between AJBCC and IDCJ, 22 August 1974.]
there was no continuing dialogue between the IDCJ and the AJBCC of a kind that could significantly strengthen liaison between the public and private sectors in Australia.\textsuperscript{83} The Myer report therefore recommended setting up a joint government-private sector committee to be known as the Consultative Committee on Relations with Japan (CCRJ). The Report also recommended establishing a Standing Committee at the level of permanent heads of departments to replace the IDCJ and a Secretariat that could service both the Standing Committee on Japan and the CCRJ.\textsuperscript{84} It is worth noting that most of the members representing business in the CCRJ were members of the AJBCC (see Appendix 8).

Submissions to the government inquiries could have been utilised as a means for the AJBCC to reflect its views on government policies. No collective approach to

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May 1973, the Prime Minister rejected the IDCJ's report against the conclusion of Treaty of Friendship, Commerce, and Navigation and another report on Australia's policies towards Japan. The meeting between the AJBCC and the IDCJ became less regular. Matthews reports that there was not a meeting after 31 January 1974. \textsuperscript{[Matthews, 'Interdepartmental committees', pp.301-305.]} 

\textbf{82.} The Ad Hoc Working Committee on Australia-Japan relations chaired by S.B. Myer. It was set up in 1977 'to enquire into and submit recommendations to the Prime Minister on measures which might be taken to enhance the relationship between Australia and Japan and to improve the management of that relationship'. \textsuperscript{[See Ad Hoc Working Committee on Australia-Japan Relations, \textit{Australia-Japan Relations}, AGPS, Canberra, 1978, p.209.]} 

\textbf{83.} Ad Hoc Committee on Australia-Japan Relations, \textit{Australia-Japan Relations}, p.164.

\textbf{84.} \textit{Ibid.}, p.194.
the government, however, was made by the AJBCC through this medium. When the Minister for Education and Science, Fraser, called an Advisory Committee on Teaching Asian Language and Culture in 1969, the Exchange Sub-Committee (but not the AJBCC as a whole) made a submission with respect to promoting Japanese studies in Australia. In the case of inquiries by the Senate Standing Committee on Foreign Affairs and Defence, the AJBCC decided not to make a submission. The standing committee was established in October 1971, and its first reference for investigation and report was 'Japan.' The members of the AJBCC received an invitation from the Senate standing committee to appear before it and give evidence at the inquiry. Some members were happy to make submissions, but the AJBCC meeting decided not to accept the invitation as an organisation. It was said that Edward Warren, who was President of the AJBCC at that time, did not support these political activities of the AJBCC as a whole. Some members, therefore,

89. Personal interview, 21 November 1987, Melbourne.
including Biggs on behalf of Mawby, Madigan, M.H. McArthur (Chairman, Australian Meat Board), Robert Norman (General Manager, Bank of New South Wales), Parbo and D. McIntyre on behalf of Morgan (Western Mining Corporation), Vernon, C. McGrath (Chairman, Repco Limited), K.C. Gale (Managing Director, Gollin & Co. Ltd) appeared before the Senate standing committee individually. 90

The idea of having government representatives at the joint meetings was proposed by Anderson at the AJBCC General Meeting in 1969. 91 It was discussed with the Japanese counterpart and the Japanese side proposed to make it possible for government officials to attend all the discussions of the joint meetings. The Australian committee on the other hand expressed its support for keeping the meetings purely private. A compromise was suggested by the Australian side for having government officials in plenary sessions but keeping group discussions closed. 92 Finally it was agreed to invite government officials to attend plenary sessions but only as silent observers. 93

Despite the fact that the Australian side proposed

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91. Minutes of the Ordinary General Meeting of the AJBCC and PBEC, 16 September 1969, CRA Records, 2/5/1/8/33.

92. Correspondence, 19 February, 8 April, 19 April 1974, 20 March 1974, in Files held by the CAI.

93. Memorandum to members and AJBCC delegation, 22 April 1974, BHS Records, Box 42.
having government representatives at joint meetings, the AJBCC insisted on keeping the discussions of the joint meetings purely for the private sector. When the Australian government asked the AJBCC about the possibility of government officials participating in the joint meetings (it was requested at a meeting between the IDCJ and the AJBCC representatives in 1973), AJBCC executive members 'indicated little support for such a move'. In 1976, the Australian government again expressed its interest in sending officials to the joint meetings. The AJBCC meeting 'confirmed that the presence of government officials at working sessions was inappropriate'.

Briefing government officials before AJBCC/JABCC joint meetings had been introduced earlier. In 1968, the Department of Trade and Industry prepared a background briefing paper on Australia/Japan trade relations and the Australian government's policy on protection. Immigration matters that were raised by the Japanese

94. Minutes of Executive Committee Meeting of the AJBCC and PBEC, 26 July 1973, BHS Records, Box 42.

The AJBCC (which was indistinguishable from the Australian Committee of PBEC at this time) also rejected the Japanese proposal for representatives from government (and quasi-government) agencies attending PBEC meeting as guest participants. [See Minutes of the General Meeting of the AJBCC and PBEC, 19 October 1972, Anderson Papers, Box 3.]

95. Minutes of General Meeting of the AJBCC and PBEC, 16 August 1976, BHS Records, Box 42.

96. Department of Trade and Industry, 'Background briefing on agenda items for Australian participating at the sixth Joint Meeting', CRA Records, 2/5/1/8/2.
committee at every joint meeting in the 1960s were also discussed with the Department of Immigration. Systematic briefings between the AJBCC and the government were established after the IDCJ was established in 1970. When the Minister for Trade, Anthony, was about to visit Japan in 1976 just after the Liberal-Country Party Coalition came to power, the President and the Director-General of the AJBCC discussed with him Japanese business views on Australian policies. They emphasised that Japanese businessmen had not been happy with the previous Labor government policies, including policies on foreign investment, resource development, pricing export commodities and others. They also suggested that a closer relationship between the government and business should be developed, and that further discussion be held after Anthony's return to consider the situation in some detail. 97

Some agenda papers were actually drafted by government officials. At the joint meeting between the AJBCC and Commonwealth departments (Business and Consumer Affairs, Industry and Commerce, Prime Minister and Cabinet, Natural Resources, Primary Industry, Overseas Trade, Immigration and Ethnic Affairs, Foreign Affairs, and Treasury) in 1977, departmental representatives affirmed that they were well satisfied with the system allowing them observer status at joint AJBCC/JABCC meetings and that they wished to continue the

97. 'Record of discussion with Mr. Anthony', 4 February 1976, CAI Records, Z196, Box 38.
It should be appreciated that the AJBCC established systematic channels of consultation between business and government departments regarding relations with Japan. The Department of External Affairs in particular utilised the IDCJ-AJBCC meetings as a mechanism to publicise the department's views on specific issues. On the other hand, the Department of Trade and Industry saw themselves as a proper channel for contacts with business leaders. Matthews implicitly points out that the Trade Department was not supportive of other departments developing communication channels with business leaders.99

The direct influence of the AJBCC's opinions on government policy, however, was not very significant. The lack of cooperation among members made it difficult for the AJBCC to represent a unified position. There were only a few issues on which the AJBCC's activities influenced the government, such as Japanese studies in Australia and cultural exchange between Australia and Japan. These issues were less crucial and less controversial in the government and business communities.

The AJBCC as a group did not support nor clearly oppose some of the proposals made by the Japanese side. The AJBCC made minimum efforts to respond constructively when the issues might cause controversy, such as the opening of foreign banks in Australia, lowering tariffs,

98. 'Summary Report of Joint Meeting between the AJBCC and Commonwealth Departments', 6 December 1977, BHS Records, Box 42.

immigration matters, uranium exploitation, and so called 'resource nationalism'. All these issues represented the diverse interests of various sectors and government departments. The AJBCC also had a role to play on government-to-government issues, such as the conclusion of the Double Taxation Agreement or the Treaty of Friendship, Commerce and Navigation and beef trade negotiations. In general the AJBCC supported the direction of government policies.100

It is important, however, to appreciate the AJBCC's informal and indirect influence on policy-making processes. Once the AJBCC gained legitimacy as a body of businessmen who were concerned with Australia's relations with Japan, the government could not ignore the opinions of AJBCC members. The committee provided channels for the government to sound out the opinions of business circles about policies. The establishment of consulting mechanisms between the AJBCC and the government was evidence of the government's recognition of the AJBCC. A newspaper article commented that:

Twenty years ago when the AJBCC was being mooted it would have been ludicrous to suggest that it could have dealt with Japanese business on serious issues of international trade without the assistance of Australian government departments.

Today it is the government departments which need the assistance of major companies to conduct their trade policies.101

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100. This will be further discussed in Chapter VII.
Business leaders did not, however, utilise the AJBCC to unify opinions among business circles about issues relating to Japan, and tended to express their opinions individually. Being executive members of the AJBCC, however, provided a basis for them to express their opinions about government policies relating to Japan. The fact that business leader had actual contacts with Japanese business leaders through the operation of the AJBCC increased their qualifications to advise the government on issues relating to Japan.

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Despite Anderson's commitment to representing manufacturers' interests in the AJBCC, the committee did not develop as an interest group representing manufacturers' interests vis-a-vis the Japanese business community. Many members (particularly from the mining sector) joined the AJBCC to get access to an institutionalised communication channel with the Japanese business community. In the 1960s, doing business with Japan was a very new experience for Australian business and Australian leaders were unfamiliar with the Japanese business community. Anderson certainly noticed the demands in the Australian business community for maintaining a communication channel with Japan through the operation of the AJBCC, and pursued personal benefits in terms of salary and status by providing secretarial services for the committee. His dual interests in representing manufacturers' interests and at the same time organising a communication channel with Japan for
the Australian business community as a whole were not always complementary.

Members from both the manufacturing sector and the non-manufacturing sector (the mining sector in particular) were dissatisfied with the way in which the AJBCC operated. However, by organising a committee and sharing secretarial services they were able to lower the costs of maintaining contact points with Japanese business leaders. It seems that members of the AJBCC did not expect any special services such as lobbying from the secretariat. It was understood by members that the joint meetings provided occasions for meeting various Japanese business leaders and exchanging information. In this way the AJBCC functioned as a transnational communication channel between Australian and Japanese business leaders.

Furthermore, as Moe points out\(^{102}\), through their committee, members of the AJBCC were able to establish a communication network among themselves and obtain feedback from the network. Even though members had different private business interests in Japan and sometimes disagreed on their attitude towards Japan, they could still share general information about Japan. As a result, the AJBCC also performed an education function\(^{103}\), which made members aware of the problems faced by different sectors and the policy implications for

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Because of the increasing importance of the Japanese market for Australian business, the AJBCC involved many business leaders from major Australian companies, and it established its legitimacy as a group of senior business leaders. Anderson's retirement and the formation of the International Division in ACMA (and in CAI) solved the problem of bias towards manufacturers' interests in the AJBCC.

The Australian government tended to incorporate this network of business leaders into their policy making process towards Japan from the early 1970s onwards. Systematic communication channels between the government and business leaders were developed through briefings between AJBCC members and government officials before and after joint meetings, regular meetings between the AJBCC and the interdepartmental committee, and AJBCC members' participation in the Consultative Committee. The presence of the committee also facilitated consultation between Australian business leaders who were interested in relations with Japan and the Australian government about various issues, although the AJBCC as a group did not represent members' unified views towards the government. Promoting Japanese studies, for example, was initiated by particular businessmen who were determined to do so, and the AJBCC provided them with a legitimate basis on which to advance their cause. Representation of manufacturers' interests in relation to Japan via the AJBCC, too, was fostered by Anderson's personal
involvement and beliefs rather than by the collective action of manufacturers.

The AJBCC did not develop an interest group function in the sense of representing unified opinions of members in order to influence the Australian government and the Japanese government and business. Its presence, however, assisted directly and indirectly consultation between business and government in Australia about Australia's policies towards Japan. Moreover, the establishment of the AJBCC introduced a new concept of institutionalising communication channels between the Australian business community across sectors and foreign business communities. In fact, as will be discussed in a later chapter, several business cooperation committees with other countries were established using the AJBCC as a model.
INTERACTION BETWEEN THE AJBCC AND THE JABCC

The objective in creating the AJBCC and the JABCC was to promote close economic relations between the two countries. How the two committees interacted to achieve this objective is, therefore, an important criterion in evaluating their success. The examination of each committee's structure and activities in the previous two chapters shows that there were many differences between them, such as members' interests, the degree of cooperation among members, how the committees operated formally, and the extent to which they influenced their respective political processes. Despite these differences, however, communication channels between the two committees did operate, and, in some instances these were effective. This chapter analyses how these avenues of communication developed and what was actually achieved through committee interaction.

In the beginning, interests represented by the two committees were not complementary: the AJBCC represented manufacturers' interests more than those of other sectors, and the JABCC represented the Japanese business community across sectors. This made it difficult for the two committees to take joint action. As a result their main activities focussed on exchanging opinions, and assisting members to extend their personal contacts. Basically this pattern of interaction remained even after
manufacturers' interests no longer dominated the AJBCC.

Members' Expectations of AJBCC/JABCC Interaction

Japanese members expected the JABCC to be a mechanism enabling them to familiarise themselves with Australian business and political leaders. Interaction between the JABCC and the AJBCC was a medium for a transnational communication at a person-to-person level between the two business communities. It took a few years for Japanese business leaders to feel comfortable with the proceedings of the joint meetings. JABCC members also used joint meetings to raise issues of concern in Australia-Japan relations and to present opinions on these issues to the Australian side. The discussions at joint meetings were not expected to solve the problems at hand. Nevertheless the Japanese side felt it necessary to raise these issues collectively, thus underlining their concern about certain matters and avoiding a situation where any individual company had to take responsibility for complaints and suggestions raised by the Australian side.

1. A businessman who attended the joint meetings as an interpreter for Nagano recalled that the proceedings of the joint meeting did not run smoothly until the third or fourth joint meeting. [Personal interview, 24 February 1987, Tokyo.] A former executive staff member of Nissho also recalled that in the first few years, Japanese delegates faced difficulty in finding topics for informal discussion and often mentioned the contribution made by Japanese 'war brides' to Australia-Japan relations. [Personal interview, 2 March 1987, Tokyo.] This topic was also frequently mentioned by Nagano in his books and articles on Australia-Japan relations.
In the beginning, the Australian side expected more practical services from interaction between the two committees to assist their immediate business interests. The AJBCC requested the JABCC to handle claims made by Australian companies about individual goods manufactured in Japan. The AJBCC also suggested setting up a body that would provide information about possible joint ventures for Australian and Japanese firms and introduce interested parties from each country.\(^2\) In the early years, the prospect of joint ventures with small and middle sized Australian firms did not attract the Japanese side, so this request did not produce any concrete outcome.

The Australian side also realised early on that the Japanese side was not interested in making resolutions on issues based on the discussions at the joint meetings. At the Ordinary General Meeting of the AJBCC in 1965, it was reported that: 'There was no doubt that phrases "friction not fiction" and "agreeing to disagree" had been the key-note of the joint meeting'.\(^3\) It was agreed among New South Wales members of the AJBCC that no resolutions would be forwarded at the AJBCC/JABCC joint meetings because they were 'meaningless'.\(^4\) At the General Meeting of the AJBCC in 1969, the members agreed that 'persons handling papers would be requested, if

\(^2\) Minutes of the Ordinary General Meeting of the AJBCC and PBEC, 28 July 1965, CRA Records, 2/5/1/8/5.

\(^3\) Ibid.

\(^4\) Minutes of the Meeting of New South Wales Members, 22 November 1967, CRA Records, 2/5/1/8/17.
possible, to prepare "firm proposals" or recommendations, rather than formal resolutions'. The negative response from some AJBCC members to the resolutions of the joint meetings resulted not only from the Japanese lack of enthusiasm for getting resolutions at the joint meetings, but also from internal friction within the AJBCC. A member of the AJBCC strongly criticised the fact that a resolution was advanced by a group of AJBCC members without prior consultation with other members.

The Australian side regarded the presentation of papers at the joint meetings more as a means of exchanging opinions and promoting understanding with the Japanese side. The meetings of New South Wales members and Melbourne members in 1967 decided to keep enough time to study the papers of both sides before the joint meetings were held. The AJBCC often requested the JABCC to send papers well in advance of the meetings in order to study the papers and prepare responses.

The efficiency and significance of the joint meetings were often questioned by AJBCC members. In 1969, a member of the AJBCC severely criticised the way in which the joint meetings were conducted, saying


'everyone is sick of going over the old ground which ... does not really get anyone anywhere and can be read in the press without going to a special meeting'. It was pointed out by some senior members of the AJBCC that the Australian members should study Australian papers before the meetings and be completely familiar with them. The President of the AJBCC also asked members to suggest 'meaningful agenda items' so that an effective joint meeting could be held.

In 1972, procedures for the joint meetings were again reviewed by the AJBCC Executive Committee. An executive member mentioned that 'no useful purpose was achieved' and the meetings 'provided very little opportunity for any worthwhile exchange of views or contribution from participants'. It was agreed that papers should be shortened with a short summary and speakers given a time limit. In 1980, one of the executive members of the AJBCC raised the question whether the annual joint meeting was still desirable, or whether an 18-month interval between meetings would be


11. Minutes of the Executive Committee Meeting of the AJBCC and PBEC, 9 February 1972, CRA Records, 2/5/1/8/50.

12. Ibid.
more satisfactory in view of the good relationship that had already been established between the two groups.\textsuperscript{13}

The joint meeting, however, continued to be held annually. Moreover, the number of delegates attending the joint meetings kept increasing. The number of participants at the twenty-fifth joint meeting in Perth in 1987 was 370 (250 Japanese businessmen and 120 Australians)\textsuperscript{14}, which was the largest ever.

The value of 'across-the-table talk' was appreciated by Australian businessmen. The establishment of the AJBCC enabled Australian leaders across the board to hear about problems in other sectors. W. Henderson, the former Director-General of the AJBCC, pointed out that the AJBCC was more like a club where members from different sectors could meet each other.\textsuperscript{15} They also viewed the joint meetings as opportunities to meet Japanese businessmen personally and discuss business outside the formal meeting room.\textsuperscript{16} W.M. Morgan (Managing Director, Western Mining Corporation) wrote that being involved with the AJBCC 'would be a good opportunity to get to know them [Japanese presidents of the steel companies] outside the ordinary bargaining atmosphere'.\textsuperscript{17}

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\textsuperscript{13} Minutes of the Executive Committee Meeting of the AJBCC, 21 February 1980, CAI Records, Z196, Box 36.

\textsuperscript{14} The Australian Financial Review, 19 October 1987.

\textsuperscript{15} Personal interview, 24 February 1988, Sydney.

\textsuperscript{16} This was commonly pointed out by several businessmen at the interviews undertaken by the author.

\textsuperscript{17} W.M. Morgan, 'Learning Japanese and doing business with Japan', Westminer, \textit{vol.1 no.3}, 1967, p.16.
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Another leading Australian businessman pointed out that he enjoyed meeting Japanese business leaders at the joint meetings whom he rarely met at business negotiations. Because, in Japan, negotiations were undertaken by middle level businessmen and not by top level businessmen such as presidents or chairmen, he had not seen these leaders even when his company was heavily involved in business dealings with Japan.\textsuperscript{18}

The joint meetings provided occasions for each side directly to perceive the other side's responses to certain issues. For instance, when the Japanese steel industry was strongly criticised by the Australian media for lowering coal prices and causing the closure of mines, a Japanese businessman commented that Australian management was not blaming the Japanese steel mills as seriously as was reported. He said that Australian management could utilise the occasion in order to promote the rationalisation of mines.\textsuperscript{19} Neither the Australian nor the Japanese side wanted to aggravate the situation at the joint meetings when serious problems occurred such as the sugar dispute or alteration of long-term contracts on mineral resources. Both sides tended to avoid raising crucial issues in an aggressive manner at the joint meetings.

\textsuperscript{18} Personal interview, 10 March 1988, Canberra.

\textsuperscript{19} Personal interview, 12 May 1987, Sydney.
The JABCC utilised the joint meetings with the AJBCC to express their concern about certain issues, including difficulties for Japanese businessmen in obtaining visas, Australia's high tariffs on manufactured commodities, opening branches of Japanese banks in Australia, and the disruptions caused by strikes. The Japanese side also raised government-to-government issues, such as the conclusion of a double taxation agreement, a cultural agreement and a treaty of commerce and navigation. The AJBCC took action on JABCC requests relating to these issues. The AJBCC also approached its own government to pursue government-to-government matters that were raised at the joint meetings. Furthermore, both the AJBCC and the JABCC looked into trade problems between Australia and Japan, such as the sugar dispute and the reassessment of long-term contracts.

**Government-to-government issues**

By raising government-to-government issues at joint meetings, committees could sound out the opinions of the other side to its own government policies towards the other country. When the committee informed its own government about issues raised at joint meetings and passed its government's response on to the other side, indirect communication between the governments took place. The Japanese side often proposed that the Australian side support proposals relating to government-
to-government agreements at joint meetings.

The conclusion of a Cultural Agreement was proposed by the JABCC in 1966. The AJBCC informally sounded out the Australian government and gained the impression that the government was sceptical about the idea. So the AJBCC recommended that the JABCC approach the Japanese government first with the idea that the Japanese government take the proposal to the Australian government, and then the AJBCC would express its support for the proposal.

Despite the fact that it was the JABCC that brought the Cultural Agreement issue to the joint meetings, the Australian side was more enthusiastic about it and their Sub-Committee for Personnel Exchange was charged with looking after the matter. The JABCC replied to the AJBCC that the Japanese government seemed not to find any immediate necessity for such an Agreement. Biggs (who was heavily committed to the activities of the sub-committee) and Sissons (an Australian academic specialising in Japanese studies) studied the nature of other cultural agreements that Japan had already concluded with other countries. They also drafted a proposed agreement based on the Japan-UK Agreement.

1969, the AJBCC asked the Department of External Affairs again about their views on a Cultural Agreement with Japan. 24 In 1973, the Senate Standing Committee on Foreign Affairs and Defence recommended that a Cultural Agreement be negotiated between the two countries. According to Sissons, the Whitlam government initially did not respond all that enthusiastically to the recommendation, but in 1973 negotiations started. The Agreement was signed in November 1973 during Prime Minister Tanaka's visit to Canberra. 25

Support for the conclusion of a Treaty of Friendship, Commerce and Navigation was also expressed to the AJBCC by the JABCC. 26 It did not seem, however, that either side had any concrete ideas about what type of Treaty was most desirable, what should be included in such a Treaty, and what benefits it would bring to the business community. 27 During this time, a Cultural Agreement was also proposed by the Japanese government. 26 It did not seem, however, that either side had any concrete ideas about what type of Treaty was most desirable, what should be included in such a Treaty, and what benefits it would bring to the business community. 27


25. The joint communique between the Prime Ministers expressed the governments' intention to make matching grants of approximately $1 million each to encourage cultural activities under the Agreement. [See Sissons, 'Japan', pp.253-254.]

26. The conclusion of a Treaty of Friendship, Commerce and Navigation between Australia and Japan had been proposed by the Japanese government since 1954, and had been raised many times through various channels. The Australian government had always been negative towards the conclusion of such a treaty. [See T. Fujita, 'Dai 1-kai nichigo kakuryo iinkai', Keizai to Gaiko, no.607, December 1972, p.31.]

27. For example, in a letter written by a member of the AJBCC to the Minister, the treaty was called a 'Treaty of Friendship' and confused with a cultural agreement. This letter informed the Department of External Affairs that the AJBCC and the JABCC considered a proposal by the JABCC at the last joint
Agreement was still under consideration.\(^{28}\)

At the joint meeting in 1968, the Japanese side raised the issue of the treaty. The joint communique of the meeting said that 'the Japanese delegation pointed out the need for an early conclusion of a Treaty of Trade and Navigation'.\(^{29}\) The joint communique of the seventh joint meeting sounded more favourable towards the treaty in stating that: 'Both Committees resolved to continue to undertake investigation with a view to reaching firm proposals in order to continue to recommend a possible appropriate commerce and navigation treaty between their governments'.\(^{30}\)

However, the Australian side became more and more negative about the idea. At the General Meeting of the AJBCC (and PBEC) after the seventh joint meeting in 1969, AJBCC members discussed the AJBCC's request that a treaty be negotiated. AJBCC members agreed that this matter should be the subject of 'government-to-government action'.\(^{31}\) At the joint meeting in 1970, the AJBCC presented a paper that explained why Australia did not wish to enter into such a treaty.\(^{32}\) The joint communique meeting that Australia and Japan should conclude a cultural agreement. [Refer to Correspondence, 16 October 1969, and 31 October 1969, CRA Records, 2/5/1/8/8.]

28. 'Joint communique', 7th joint meeting, 1969.

29. 'Joint communique', 6th joint meeting, 1968.

30. 'Joint communique', 7th joint meeting, 1969.


32. 'Treaty of commerce and navigation, etc, with
stated that: 'It was agreed that it would be reviewed again at some future favourable date'.

In February 1972, the Japanese government announced that it was seeking to conclude a Treaty of Friendship, Commerce and Navigation. The issue was also discussed at the first Australia-Japan Ministerial Meeting in October 1972 in Canberra. Immediately after the announcement in February, the AJBCC forwarded a Press Release in the name of the President of the AJBCC opposing the proposal. At the eleventh joint meeting in 1973, the Japanese side presented a paper that supported the conclusion of a Treaty. The Australian side perceived that the Japanese were again strongly pressing for a treaty.

It did not seem that much consultation or briefing

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33. 'Joint communiqué', 8th joint meeting, 1970.

34. Canberra Times, 4 February 1972.


36. 'Press Release by the AJBCC, 3 February 1972, held by the National Library of Australia.

37. 'Nichi-go kan no yuko tsusho kokai jyoyaku teiketsu mondai', paper presented by the JABCC at the 11th joint meeting, 1973.

38. This time, the joint communiqué stated: 'Japan advocated (emphasis added) a Treaty of Friendship, Commerce and Navigation between the two countries, maintaining the further collaboration in the economic and diplomatic areas would contribute greatly to development and prosperity'. [See 'Joint communiqué', 11th joint meeting, 1973.] This was also mentioned at the presidential address of the AJBCC. [See 'Presidential address for Annual Meeting of the AJBCC and PBEC, 4 December 1973, BHS Records, Box 42.']
between the JABCC and the Japanese government took place on this issue. Former Japanese ambassadors to Australia denied that close consultation had taken place between the JABCC and the Ministry of Foreign Affairs. One of them said that it was unlikely that Japanese business leaders understood the meaning of the treaty. Another former ambassador also commented that Japanese business leaders regarded the conclusion of a treaty as the formalisation of Australia-Japan relations, but they did not understand the meaning of the treaty. This particular treaty between Japan and Australia was never concluded, but resulted in a different form of treaty, the Basic Treaty of Friendship and Cooperation.

The idea of concluding some sort of Treaty of Friendship with Japan obtained the support of Prime Minister Whitlam, and was developed as the Basic Treaty of Friendship and Cooperation (NARA Treaty). The Negotiation of the Treaty was too technical and the concept of the Treaty too vague for businessmen to become heavily involved. A representative of the AJBCC to the Interdepartmental Committee on Japan (IDCJ)


40. When Prime Minister Whitlam visited Japan in 1973, he suggested the need to conclude a broad bilateral treaty. The Japanese Prime Minister Tanaka accepted his suggestion and tentatively named the Treaty 'Nippon-Australia Relations Agreement (NARA)'. Nara also meant a Japanese ancient capital where Whitlam visited. [Refer to Commonwealth Parliamentary Debates, Senate, 7 November 1973, p.1584.]

41. More detailed process of the negotiation of the Treaty was examined in Sissons, 'Japan', pp.255-260.
commented that he did not think that the Japanese knew what they really wanted from the Treaty. The President of the AJBCC was not enthusiastic about the conclusion of the NARA Treaty either. He said that 'the AJBCC did not really see the need for a treaty'. In a situation where the Australian government was negative towards an issue and where Australian business leaders could not see any practical benefits from it, the AJBCC did not get actively involved. This explains their relative disinterest in the conclusion of either the Treaty of Friendship, Commerce and Navigation or the Basic Treaty of Friendship and Cooperation.

The issue of a double taxation agreement was also raised by the Japanese side at the joint meetings and in this case, it had more positive support from the Australian side. At the first joint meeting between the AJBCC and the JABCC, the issue was discussed and it was decided that both committees would approach their respective governments. Following the discussion at the first joint meeting, the issue of a double taxation agreement was consistently raised at joint meetings until the agreement was concluded in 1969.

Anderson kept the Australian government informed about the Japanese interest in the matter, and also sounded out the government's views. After the first


43. 'Joint taxation agreement', paper presented by the JABCC at the 2nd joint meeting, 1964.

44. Copy for information to ACMA members, 27 July 1965, CRA Records, 2/5/1/8/5; Correspondence, 16
joint meeting, Anderson wrote a letter to Treasurer Holt, requesting that negotiations should be commenced. Responding to Anderson's letter, the Treasurer informed him that the Australian government had already agreed in principle to discuss the issue with the Japanese government. Immediately after receiving the Treasurer's response, Anderson made a press release announcing his approach to the government. The press release also mentioned the government position favourably by quoting the Treasurer's letter: 'the Government had expressed the opinion that as far as Australian residents are concerned, the Australian taxation law already provides unilateral protection against double taxation of income derived from sources outside Australia'.

In 1966, the AJBCC informed the Japanese side that the conclusion of the agreement was much closer than they thought. When the Australian government indicated some delay in the negotiation on the agreement with the Japanese government because of the review of a double taxation agreement with the UK, Anderson issued a press release on July 1965, CAI Records, Z196, Box 38; Correspondence, 9 May 1966, CAI Records, Z196, Box 38; Memorandum to Committee members, 16 February 1967, CRA Records, 2/5/1/8/12.

45. Correspondence, 4 November 1963, CAI Records, Z196, Box 38.

46. Correspondence, 14 November 1963, CAI Records, Z196, Box 38.


48. Correspondence, 9 May 1966, CAI Records, Z196, Box 38.
release as Director-General of the AJBCC, stating that 'this should no longer be subordinated in timing to other negotiations but should be concluded without delay'.

Meanwhile, the AJBCC prepared a defensive paper on the delay of the conclusion of the agreement for the sixth joint meeting in 1968. It mentioned that the path had been cleared for the commencement of discussions between Australia and Japan because of the conclusion of the UK-Australia Taxation Agreement in December 1967.

It is difficult, however, to measure how effective the AJBCC's approaches to the government were for achieving the conclusion of the agreement, although the Australian government was not against the conclusion of such an agreement. The AJBCC was certainly in favour of the agreement, and Anderson fostered the issue expressing the AJBCC's interest to the government on a number of occasions. At the same time, however, the AJBCC did not place much pressure on the government to get an early conclusion of the agreement. The press release by Anderson in 1963 did not respond critically to the government's explanation. The press release in 1967 was also released only when it was clearly known that an agreement would be concluded sooner or later. Issuing such press releases did not harm the AJBCC's status and certainly credited Anderson with the image of an


50. 'Defensive paper: treaty for the avoidance of double taxation between Australia and Japan', paper prepared for the 6th joint meeting, 1968.
enthusiastic lobbyist. Moreover, by using channels between the AJBCC and the JABCC, the AJBCC played a role in sounding out the Australian government's attitudes towards the agreement and informing the Japanese side. The joint meetings between the AJBCC and the JABCC and the AJBCC's contacts with the Australian government fostered understanding of why the agreement was needed in business circles in the two countries.

Trade issues

Generally speaking, the Australian side did not raise trade issues at the joint meetings as much as the Japanese side did. This was mainly because the Australian business community was able, until the 1980s, to maintain its share of the Japanese import market in its traditional commodities without the support of committee activities. The AJBCC was certainly critical of Japanese tariff and non-tariff barriers on agricultural commodities, and pointed out Australia's difficulties in enlarging its market share in Japan. The Australian side, however, was not unified against the Japanese counterpart. Even amongst Australian exporters of rural products, producers of some commodities such as wool and wheat did not face as many difficulties as beef and sugar exporters. Each commodity was discussed separately. Furthermore, the Japanese delegations did not contain any representatives from the agricultural sector, so it was easier for the Japanese side to say that they would support the Australian view in principle.
and that they would report it to the Japanese government. In practice the Japanese basically defended the government's policies against the Australians at the joint meetings.

A paragraph defending the Japanese opinion on liberalising agricultural commodities was inserted in the joint committee of the tenth joint meeting:

Japanese delegates explained the traditional system of agriculture, now undergoing change, pointing out that Japan's domestic agriculture was organised on a small unit labour-intensive basis. They said this was the reason why liberalisation in this sector posed greater problems than in other areas. However, it was noted that quotas are being expanded in this sector. 51

In the communique at the eleventh joint meeting, the Japanese put up the following defence of its domestic situation:

Japanese delegates undertook to take every opportunity to ask their Government for appropriate measures to enable increased imports of Australian farm and dairy products but they said it entailed overcoming many difficult domestic problems. 52

There were a few trade disputes in the mid-1970s. The AJBCC and the JABCC paid a great deal of attention to them at the joint meetings, but neither committee got involved in mediating on these problems. In other words, the opinions and stance of the industries involved in disputes were communicated to the other side, but

51. 'Joint communique', 10th joint meeting, 1972.

collective action was not undertaken by either committee to exert influence over the counterpart business community.

The sugar dispute started in 1976 when the Japanese sugar refiners asked the Australian sugar exporters to review the price and quantity in their long-term contract owing to the sudden fall in the international sugar price from mid-1975.\(^{53}\) In 1976, the AJBCC requested the Japanese committee to put the sugar problem on the agenda of the fourteenth joint meeting. At first, the Japanese side responded to the AJBCC by 'striking out' the issue from the agenda because nobody from the sugar industry was prepared to attend the meeting.\(^{54}\) However, Fujiyama (President of Dai-Nippon Sugar Refinery) was persuaded to participate in the meeting although he was not a member of the JABCC, and presented a paper that explained the critical situation in the Japanese sugar industry.\(^{55}\)

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53. The long-term contract had been concluded in December 1974 between the Japanese sugar refining industry (33 companies) and CSR, which was an exporting agent on behalf of the Queensland government. A serious depression in Japanese sugar refineries in 1976 and 1977 forced a series of negotiations between Japanese sugar refineries and CSR to review price. However, the situation remained deadlocked. The dispute became heated when sixteen ships transporting sugar from Queensland were prevented from unloading in July 1977 and stayed in Tokyo Bay. [See Sato Nyusu, 15 October 1977; Seito Kogyo Kai, Sato Tokei Nenkan, 1975, pp.10-11; 1976, pp.16-18; 1977, pp.13-14; 1978, pp.16-18.]

54. Correspondence, 13 September 1976, Files held by the CAI.

55. 'Trends and products of trade in rural products -- sugar', paper presented by the JABCC at the 14th joint meeting, 1976.
In 1977 the sugar issue hit its peak. The subsequent media attention no doubt affected the Australian side's response. The Japanese delegates were apprehensive prior to the fifteenth joint meeting in Brisbane. They were briefed by government department officials and representatives from the sugar refining industry before the joint meeting. Nagano recalled that the Japanese delegates felt like moths flying into the flame when they left for the meeting. The Australian side's response on this issue, however, was not harsh. Only Queensland Premier Bjelke-Petersen strongly criticised Japanese attitudes towards long-term contracts on sugar and Japan's beef importing system. The joint communique for the fifteenth joint meeting referred to the sugar trade problem but in a friendly and constructive tone. The concern might have been not to aggravate the problem and underline the fact that most parts of the trading relationship between the two countries were going well. The joint communique said:

Delegates from both countries declared their confidence that mutual co-operation would maintain the sugar trade for the future. Lessons from this experience could be borne in mind in a wider context in both countries.

Neither the AJBCC nor the JABCC offered itself as a mediator in this dispute. It was reported that the


58. 'Joint communique', the 15th joint meeting, 1977.
President of the AJBCC, McLennan, said that he knew no more than reported in the newspapers about the problem because it was not related to his business.\textsuperscript{59} At the same time, some Japanese business leaders including Nagano and Doko were believed to be involved as mediators in setting up negotiations among Japanese sugar refiners, CSR representatives and Japanese officials.\textsuperscript{60} Nagano did not, however, get involved in it officially as Chairman of the JABCC.\textsuperscript{61}

At the same time as the sugar dispute, long-term contracts for mineral resources were also under review because of the recession in Japanese heavy industry after the 'oil shock'. At the fifteenth joint meeting, 'it was agreed that the design and operation of long term contracts for foodstuffs and raw materials to meet the basic needs of buyer and seller under changing circumstances would be a topic for study and discussion at the 1978 meeting'.\textsuperscript{62} A very comprehensive paper was presented by R.G. Jackson (Chief Executive and Managing Director of CSR) at the sixteenth joint meeting in 1978. Before the joint meeting, the AJBCC set up a working group with six member companies to study the matter and prepare a paper. The paper focused on different attitudes towards long-term contracts between Australian

\textsuperscript{59} Nihon Keizai Shinbun, 21 October 1977.

\textsuperscript{60} Nihon Keizai Shinbun, 10 September 1977; Sato Tokei Nenkan, 1978, pp.16-17.

\textsuperscript{61} Personal interview, 12 January 1988, Tokyo.

\textsuperscript{62} 'Joint communiqué', the 15th joint meeting, 1977.
and Japanese business, as well as examining the value, problems and the likely future of long-term contracts for different products. The Japanese side presented a brief paper and suggested that the AJBCC and the JABCC could play a mediating role in disputes.

At the sixteenth joint meeting the Japanese side also suggested setting up a joint sub-committee to review the general question of long-term contracts. This was agreed on at the discussion after the presentation of papers. Yet no steps were taken to set up such a sub-committee. The AJBCC decided to let the matter rest until the Japanese raised it again. They did not, but instead, the JABCC presented a counterpaper at the seventeenth joint meeting in 1979. The scope of the Japanese paper was, however, limited to long-term contracts for mineral commodities.

In respect of the long-term contract issue, no resolutions or standard guidelines for long-term contracts resulted from the exchange of papers and

63. 'Long-term contracts in the Australia-Japan trade', paper presented by the AJBCC at the 16th joint meeting, 1978.

64. 'Choki keiyaku -- kongo no tenbo', paper presented by the JABCC at the 16th joint meeting, 1978.

65. 'Joint communiqué', the 16th joint meeting, 1978.

66. 'Notes on combined group session in "long term contracts" ', recorded by a staff of CSR.

67. Minutes of the Annual General Meeting of the AJBCC, 8 February 1979, BHS Records, Box 42.

68. 'Kosanbutsu torihiki ni okeru choki keiyaku kankei', paper presented by the JABCC at the 17th joint meeting, 1979.
discussions at the joint meetings. The form of the contracts was still left to individual parties to decide. The joint communique for the seventeenth joint meeting stated only that:

It was agreed that bankability of contracts would be particularly important for new projects and those involving continuing growth.69

Jackson commented that his paper was more concerned with future contracts, including LNG exploitation, than problems that had already occurred. Among Australian members, there was a diversity of interests and opinions in the way in which long-term contracts should be drawn up. He also commented that discussions at the joint meetings raised attention to the matter and stimulated discussions amongst Australian members.70 Henderson also recalled that a unified opinion on long-term contracts among Australian businessmen was not presented. However, he pointed out that it was a valuable occasion for Australian businessmen to consider the implication of long-term contracts, and to realise different attitudes about contracts between Australian and Japanese business circles.71

Beef exports from Australia to Japan have been a major trading problem, but it was given scant consideration at the joint meetings. Major beef disputes

69. 'Joint communique', 17th joint meeting, 1979.
70. Personal interview, 13 June 1988, Canberra.
occurred twice, in 1974-75 when the Japanese government stopped beef imports for a short period, and in 1976-77 when quotas for beef imports from Australia were again drastically lowered.\(^\text{72}\) At the joint meeting in 1974, a paper on 'meat' was presented by the JABCC.\(^\text{73}\) In 1975, the Australian side presented a paper on rural products at the group discussion, and criticisms of Japanese policies were expressed.\(^\text{74}\) Since then, 'meat' issues have always been kept on the agenda, but critical remarks about Japanese agricultural policies were rarely adopted in joint communiques. The joint communique for the thirteenth joint meeting in 1975 referred to the problems and said:

The problems, uncertainties and challenges facing rural production were reviewed in detail by both sides... They urged an end to "stop/go" policies by Australia's major trading partners, including Japan.\(^\text{75}\)

A report of group sessions in the fifteenth joint meeting in 1977 said:

\[\text{D}elegates\ gave\ this\ subject\ \text{[improved\ and\ more\ stable\ access\ for\ Australian\ beef\ to\ the\ Japanese\ market]}\ \text{only\ limited\ consideration,\ although\ the\ Australian\ [sic]\ sought\ and} \]

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\text{72. For further information, see Takeo Goto, 'Nichi-go gyuniku funso', \textit{Kokusai Seiji}, vol.68, 1981, pp.128-145.}\]

\text{73. 'Trade between Japan and Australia -- meat and dairy product --', paper presented by the JABCC at the 12th joint meeting, 1974.}\]

\text{74. 'Rural products', paper presented by the AJBCC at the 13th joint meeting, 1975.}\]

\text{75. 'Joint communique', the 13th joint meeting, 1975.}\]
received indications of assistance from the Japanese on this vital subject.\textsuperscript{76}

It is doubtful whether the JABCC undertook any action in support of Australia's views to the Japanese government.\textsuperscript{77} This is because agricultural policy was too sensitive an issue in Japan, unless the organisation was influential and was prepared to get involved in serious political debates. Obviously, the JABCC as a businessmen's group considering relations only with Australia was not in such a position (instead, this issue was brought to the debate by a bigger business organisation such as Keidanren). The JABCC as a business organisation did not see any benefit in representing the Japanese agricultural sector's view against the Australian argument or including representatives from the agricultural sector in its delegation.

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The operation of the AJBCC and the JABCC centred on holding annual joint meetings and providing avenues for communication between the business communities of the two countries. The Australian requests were not followed up by positive action from the JABCC. Japanese requests, on the other hand, were well noted by the Australian side and reported to or consulted with the relevant government departments. In particular, government-to-government

\textsuperscript{76} 'Joint communiqué', the 17th joint meeting, 1977.

\textsuperscript{77} From the interviews with former and present staff members of the JABCC, it was learned that the JABCC did not write to the government departments about issues discussed at the joint meetings, but some oral reports were made on critical issues.
issues discussed at joint meetings were better communicated to the Australian government by the AJBCC than to the Japanese government by the JABCC. Nevertheless, each committee represented its own government positions vis-a-vis the other committee. In this way both governments were able to sound out the general opinions of the counterpart government and business about issues relating to their policies, and indirect communication between the two governments took place.

The asymmetry of the domestic action of the JABCC and the AJBCC can also be explained by the importance of the other country in Australia's and Japan's overall trade relations. With the trade imbalance in Australia's favour, importation of agricultural products from Australia to Japan was not yet a critical issue for Japanese business in the context of overall Japan's trade relations. The importance of the other country as a trade partner caused differences in the development of consulting mechanisms between business and government in Australia-Japan relations. The greater commitment of the AJBCC in the domestic political process must, however, be viewed in a relative sense. The AJBCC did not play a crucial role in the policy making process in Australia. Indeed its impact on Australia's policies towards Japan was limited.

Interactions between the two committees were basically intended to maintain a friendly atmosphere and avoid aggravation of problems. 'Agreeing to disagree'
was the key theme at the joint meetings. When serious disputes arose, the problems were discussed at the joint meetings, but actual settlement was left in the hands of the concerned industries or groups. It is worth noting, however, that the JABCC provided opportunities for Japanese business leaders to explain their circumstances and express their opinions at the joint meetings against criticisms raised by Australian business circles. For example, when the sugar dispute was at its peak, Fujiyama presented a paper at the joint meeting in 1977 despite not being a member of the JABCC. A similar example can be found when the Japanese motor industry was accused of 'dumping' cars on the Australian market in 1968.

Furthermore, when issues were raised at the joint meetings, specifically ones mentioned in joint communiques and/or covered by media, this frequently added to the pressure on governments and influenced public opinion. In the case of uranium mine exploitation, Japanese support for Australian business at the joint meeting was used to foster the interests of Australian business circles in uranium exports. However, no action was taken against their own government's policies. This is not only because political relations between Australia and Japan have been basically cordial, but also because neither the AJBCC nor the JABCC were sufficiently organised to adjust the opinions of members and thus represent a unified position. Interests represented by the AJBCC in the early years (with the bias towards manufacturers) were not to the satisfaction
of JABCC members. This made it more difficult for the two committees to develop mechanisms to work jointly on particular problems.

The Pacific Basin Economic Council

The creation of the Pacific Basin Economic Council (PBEC)\(^{78}\) was initiated by Japan and Australia through discussions at the joint meetings. The process of creating PBEC can be regarded as transnational interactions resulting in a transnational organisation. However, the mutual interests pursued by the AJBCC and the JABCC, that is, cooperation in the Asia-Pacific region, did not have a solid basis. The AJBCC and the JABCC, in fact, did not see the same goals in the creation of the PBEC or share the same image of the Pacific organisation they were constructing. Furthermore, neither side had a clear picture of the formation of a Pacific organisation.

In Japan, the concept of a Pacific Community was of interest not only to JABCC members, but also an issue that gained support amongst business circles, government and academics. From the end of the 1950s, formation of some sort of a Pacific organisation was discussed among these groups. This movement was strongly influenced by the establishment of the EEC. Japanese leaders were

\(^{78}\) It was first named the Pacific Basin Economic Cooperation Committee (PBECC) when it was launched, but was changed to the Pacific Basin Economic Cooperation Council in 1969. It was finally renamed as the Pacific Basin Economic Council in 1971.
concerned that the establishment of the EEC would narrow the markets for Japanese exports and promote bloc economies in the world. Discussions amongst business leaders from the late 1950s to the early 1960s often referred to the creation of a Pacific Community or Free Trade Area in the Pacific.\footnote{Zadankai: koten shitsutsuaru kaigai jyosei to boeki no shinro', Keidanren Geppo, vol.7 no.1, 1959, p.29; Y. Komamura, 'Amerika keizai zakkan', Keidanren Geppo, vol.8 no.4, 1960, pp.36-39; 'Zadankai: honnen no sekai keizai to nihon', Keidanren Geppo, vol.8 no.1, 1960, p.20; 'Zadankai: shindankai o mukaeru nichibi keizai no shomondai', Keidanren Geppo, vol.8 no.3, 1960, pp.30-31.} When business leaders held discussions with Japanese senior diplomats to Asian and Pacific countries in July 1960, the issue of a Pacific Community was also mentioned at the meeting.\footnote{Keidanren Shuho, no.456, 21 July, 1960.} The issue was also raised at the Committee on the Budget of House of Councillors.\footnote{Morinosuke Kajima, Ajia Taiheiyo Kyodotai, Kajima Kenkyusho Shuppankai, Tokyo, 1972, p.25.} In academia, as well, some academics (especially Professor Kiyoshi Kojima of Hitotsubashi University) proposed the concept of a Pacific Free Trade Area at this time.\footnote{Kiyoshi Kojima, Taiheiyo Keizaiken no Seisei, Sekai Keizai Kenkyu Kyokai, Tokyo, 1980, p.3.}

The concept of a Pacific Community differed depending on the promoters, but they shared two basic points. Firstly, it was essential that the United States be involved in the organisation or community. Secondly, it was too early to foster the concept of a free trade area like the EEC at that time. In 1960, Adachi, the
President of Nissho, said that it would be difficult to form a Pacific Free Trade Community in the short term, but it would be possible to start from an organisation involving Australia and Japan, and gradually involve the United States and Canada. This does not mean that the JABCC and the AJBCC were created as stepping stone towards bigger organisations that included Asia and Pacific countries. The real motivation behind establishment of the JABCC was to secure the supply of iron ore to Japan and increase Japanese exports to Australia.

In 1963, the Japan Council of Economic Research (Nippon Keizai Chosa Kyogikai) presented a paper on 'the direction of the Pacific economic cooperation'. This report recommended that Japan should organise an annual round table discussion among government representatives from the US, Canada, Australia, New Zealand and Japan, in order to discuss issues related to promoting trade among these countries and to exchange information about each country's economic development and culture. The report also recommended that cooperation among the private sectors be promoted alongside the

83. 'Zadankai: honnen no sekai keizai to nihon', pp.30-31.

84. A research body for the Japanese business community headed by Kogoro Uemura, Shigeo Nagano and Ichiro Nakayama (economist, emeritus professor of Hitotsubashi University). [See Nihon Keizai Shinbun, 9 June 1965.]

government's commitments. The report was not optimistic about the creation of a Pacific Community in the short term. Instead the aim was to present the concept and stimulate discussion on the issue among leaders of the relevant countries as well as among Japanese leaders. The report was delivered to relevant business organisations and government departments, and its English translation was sent to relevant countries.

Some Australian business leaders noted the moves towards promoting the idea of a Pacific Community in Japan. The issue was raised at the second AJBCC/JABCC joint meeting at the AJBCC's request. The AJBCC paper on the 'Formation of Pacific Basin Organisation for Economic Cooperation and Development' was presented by Anderson and I.H. Seppelt (Chairman of the Australian Wine Board). The AJBCC paper clearly stated that the idea of trade areas or a common market was not supported, although they basically supported the formation of a Pacific Basin organisation. The Japanese side prepared a paper based on the report by the Japan Council on

86. Ibid., p.8.
87. Ibid., p.17.
90. 'Formation of Pacific Basin Organisation for Economic Cooperation and Development', paper presented by the AJBCC at the 2nd joint meeting, 1964.
The Japanese side made clear that it was impossible to set up a Community like the EEC in the Asia-Pacific region. The Japanese paper also mentioned the possibility of cooperation among five developed countries to assist developing countries in the Pacific region. At this meeting, both sides agreed to set up a sub-committee on Pacific Basin organisation in each committee to investigate the matter further. At the next meeting, the desirable features and activities of a Pacific Basin organisation were presented by each side.

Amongst the Japanese business community, the issue obtained wide support. Nagano himself was an active promoter of the concept and believed in the potential for forming a Pacific Community. He often recalled the experience of meeting Shumann (former French Foreign Minister, who promoted the establishment of EEC) and how he was moved by Shumann's philosophy on the European Community. Nagano's ideas were ambiguous and he really had no practical means to realise his plans. But he was an influential figure as a promoter of the concept both in domestic and international meetings. Japanese business leaders, including Nagano, brought the issue to the attention of American and Canadian business leaders.

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92. Minutes of the closing session, the 2nd joint meeting, 1964.
through established channels with the US and Canadian business communities. In 1965, the AJBCC and the JABCC agreed to invite observers from the other major powers in the Pacific region to the joint meeting. They approached American and Canadian business leaders at meetings of the US-Japan Businessmen's Conference, the Japan-California Association, the Canada-Japan Businessmen's Conference, and at other various meetings.94

The Japanese business leaders had three major objectives in forming a Pacific organisation: 1) to develop the exchange of goods and capital among the five developed countries; 2) to promote joint research and exploitation of natural resources in the region; and 3) to foster cooperation among five nations in the course of economic assistance to the developing countries in the region.95 In the late 1950s and the early 1960s, more emphasis was given to the first objective, but towards the end of the 1960s, the third objective came into prominence. This shift in the goals of the Pacific Basin concept was closely linked with the change in direction of Japan's foreign economic policy towards South-East Asia.96 The Japanese proposal for the establishment of a


96. When Miki became Minister for Foreign Affairs in December 1966, he presented a Pacific Basin plan that suggested the five developed countries cooperate to assist in the development of the
Private Investment Company for Asia (PICA) at PBEC meetings reflected Japan's commitment to assisting the economic development of South-East Asia at the time. It was also seen as benefiting the Japanese economy. 97 PICA was finally launched in 1969 with 112 participants from Japan, the US, Canada, Australia and Europe. 98

The Australian business community did not share the same enthusiasm for a Pacific Basin Community as the Japanese. Anderson gave his support to the idea, but among AJBCC members, his commitment to the formation of a Pacific organisation was not widely shared. After the fifth joint meeting, a member complained that no time had been left for any purposeful discussion, because half a day had been devoted to trade problems and another two days had been given over to the establishment of a Pacific Basin Economic Cooperation Committee. 99

Responding to the Japanese proposal of a cooperative approach among developed countries to assist developing region. [See Shizuo Maruyama, Tonan Ajia to Nihon, Ajia Keizai Kenkyusho, Tokyo, 1968, p.206.]

97. PICA was first proposed at the second joint executive committee meeting of the Confederation of Asian Chambers of Commerce and Industry (CACCI, in which the ACCA and Nissho were members) in 1967, and was also proposed at the first meeting of PBEC in Sydney in 1968. The creation of PICA was promoted by Iwasa (Director of Fuji Bank), and Nissho undertook feasibility studies under the consultation with the special committee led by Iwasa. This matter was discussed at the meetings of both CACCI and PBEC. [See Shigeo Nagano, 'Taiheiyo keizai iinkai dai 1-kai sokai ni shussekishite', Keidanren Geppo, vol.16 no.6, 1968, pp.39-40.]


countries (first raised at the second joint meeting), the AJBCC proposed the joint development of Papua and New Guinea at the third joint meeting. The AJBCC requested a joint survey mission to Papua and New Guinea from both Australia and Japan\(^\text{100}\), although the Australian proposal was strongly opposed by Mawby (the Chairman of CRA). The AJBCC paper expressed the view that:

Both Australian and Japanese businessmen believe that closer economic relations between Pacific Basin countries should be developed, and both believe that the more developed nations should give a lead in assisting the lesser developed countries in the Pacific Basin. Papua/New Guinea, a truly underdeveloped country... provides a testing place for our declarations... But if we succeed here we can give a shining example to all other nations of the virtue of business cooperation in the international scene.\(^\text{101}\)

The AJBCC approached New Zealand businessmen (in fact, manufacturers) in order to form a Pacific organisation. At the third joint meeting, the AJBCC suggested observers be invited from the United States, Canada, New Zealand, Malaysia and the Philippines.\(^\text{102}\) By this time, ACMA had established an annual meeting with the New Zealand Manufacturers' Federation (NZMF) and approached Malaysian businessmen in order to set up a business cooperation committee. The paper presented by the AJBCC at the third joint meeting also mentioned that

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100. 'Pacific Basin Organisation for Economic Cooperation and Development', paper presented by the AJBCC at the 3rd joint meeting, 1965.

101. Ibid.

102. Ibid.
the AJBCC had made contact with interested parties.\textsuperscript{103}

Anderson's commitment to the formation of a Pacific Organisation was rather ad hoc. It seems that when the AJBCC raised the issue at the second joint meeting in 1964, Anderson attempted to make it clear that the AJBCC was against the concept of a Common Market in Asia for Australian manufacturers' sake (although the concept of a Pacific Community involved diverse ideas, it was never expected to be Common Market). He was, on the other hand, favourably disposed towards the concept of 'agreed specialisation' in the region.\textsuperscript{104} When the Japanese side clarified that they had no intention or possibility of forming a free trade area in the region and showed their interest in a cooperative approach towards developing countries, the AJBCC proposed a joint development plan for Papua and New Guinea.

The AJBCC's approach to New Zealand businessmen was made through channels with the NZMF with which ACMA held annual conferences. The New Zealand observers attending the fifth AJBCC/JABCC joint meeting were representatives of this organisation.\textsuperscript{105} The Australian suggestion to include Malaysia and the Philippines in a Pacific organisation coincided with Anderson's attempt to create bilateral business cooperation committees with these countries.

\textsuperscript{103} Ibid.


\textsuperscript{105} Minutes of the 5th joint meeting, 1965.
When PBEC (which was called PBECC at this time) was launched in 1968, Australian business circles did not form a separate committee for PBEC. The AJBCC members automatically became members of the PBEC committee, and the membership and secretariat were not divided into two different committees until 1977. An executive member of the AJBCC suggested in 1968 that 'one advantage of the PBECC remaining for the time being as a division of the AJBCC was that it would have the backing of a widely representative cross section of the business and industrial communities of Australia'.

Lack of wider support for PBEC amongst Australian business circles led to the question of the separation of the two committees in Australia before long.

In 1972, a member wrote a letter to the President of the AJBCC, Vernon, raising this question. He pointed out that many members of PBEC were uncertain and confused about what PBEC was supposed to do, and that some members were questioning whether their membership was worthwhile. Another executive member also clearly stated that his company had no interest in PBEC. The Australian committee consulted Nagano about whether

106. Minutes of the Executive Committee Meeting of the AJBCC and PBEC, 5 March 1968, CRA Records, 2/5/1/8/21.


108. Correspondence, 14 July 1972, Anderson Papers, Box 6.

Japanese members had expressed doubts about PBEC.\textsuperscript{110} Vernon (the President of the AJBCC and the Australian Committee for PBEC) said that he was concerned that it would be difficult to obtain an adequate number of members for PBEC if the two committees were separated. Furthermore, he said, collapse of the Australian Committee for PBEC could be embarrassing as it had been one of the initiators of PBEC.\textsuperscript{111} In 1976, questionnaires were sent to the members of the AJBCC asking whether they wished to remain either AJBCC or PBEC members when the two committees were separated. The questionnaires showed that two-thirds of the replies favoured the principle of separation.\textsuperscript{112}

Throughout the process of the formation of PBEC, it was not clear to AJBCC members what they could expect from the operation of the council. The Japanese side had no solid ideas about what a Pacific Basin Organisation would be able to produce either, but the concept was widely supported by business circles in the context of Japan's economic commitment to the South-East Asian and Pacific region. In other words, PBEC was considered among the Japanese business community in the context of private economic diplomacy in the 1960s, and it was one of the channels of communication with foreign business.

\textsuperscript{110} Information notes for members, October 1973, BHS Records, Box 42.

\textsuperscript{111} Minutes of the General Meeting of the AJBCC and PBEC, 19 September 1974, Anderson Papers, Box 4.

\textsuperscript{112} Minutes of the General Meeting of the AJBCC and PBEC, 26 February 1976, BHS Records, Box 42.
communities. On the other hand, the creation of a business cooperation committee was still a very new idea and the formation of PBEC was another experiment following the AJBCC.

For participants, the annual PBEC conferences were opportunities to seek potential business talks outside the conference, although for this purpose, bilateral business cooperation committees were more effective. Being a member could also provide social status with a relatively small membership fee. Furthermore, according to Nagano, a large number of Japanese businessmen found it difficult to join social functions of international business circles because of their English speaking problems and difference in cultural background. In the 1960s when Japanese business was not given the attention it receives today, PBEC provided a useful opportunity for Japanese businessmen to mix with their foreign counterparts outside the context of business dealings.  

The creation of PBEC was fostered by an ambiguous concept of promoting economic cooperation in the Asia-Pacific region in general terms. The AJBCC and the JABCC agreed to support the idea, but failed to develop a clear picture of what a Pacific organisation among businessmen should and could do. In the course of the formation of the PBEC, communication channels were maintained through the AJBCC and the JABCC, but effective cooperation between the two committees was not observed. PBEC both

113. Information notes for members of the AJBCC, October 1973, BHS Records, Box 42.
in Australia and Japan was led by individual leaders without establishing methods by which members could practice cooperation in the Asia and Pacific region. Some business leaders were involved in the committee to obtain a reputation in international business circles as well as in the domestic business community.

Alternative Channels of Communication

Operation of the AJBCC and the JABCC was one form of private economic diplomacy undertaken by each business community. Activities of the AJBCC and the JABCC were limited both in terms of focusing on specific problems and providing services that assisted individual businessmen. In order to make up for the areas where the committees' activities were limited, other forms of private economic diplomacy between Australia and Japan were developed in accordance with demands from business circles in Australia and Japan for alternative communication channels and services. Keidanren played one type of role in conducting private economic diplomacy in coordinating domestic interests towards Australia over the steaming coal issue in the context of Japan's overall energy security. Specific services for facilitating business have also been carried out by industrial associations or local bodies. Nanseikai, the Iron Ore Conference, and the Coal Conference were all organised at the industry level. In Australia, some business associations at the state level have developed their own
Nanseikai was formed in October 1957 just after the Commerce Agreement was concluded between Australia and Japan amongst Japanese cotton textile exporters to Australia.\textsuperscript{114} Its creation reflected Japanese exporters' concerns about Australian textile producers' militant opposition to the Agreement and the possible movement toward import restrictions on cotton textiles from Japan. Cotton textiles accounted for 53 per cent of total Japanese exports to Australia at that time. In the same year, 22 cotton textile exporters concluded the Agreement on Export Trading of Cotton Textile to Australia, in order to guarantee orderly marketing.

Nanseikai was, therefore, formed in order to administer various problems for maintaining the Agreement, as well as undertaking market research in Australia, collecting information about Australia's situation in cotton importation, and promoting information exchanges amongst Japanese exporters. Nanseikai located its staff in Sydney from 1959 to 1970 and frequently held meetings of Japanese businessmen representing textile exporters in Sydney. It organised market survey missions every year from 1957 to 1963 and less often after this date. It prepared for several hearings of the Tariff Board in Australia and presented submissions on behalf of Japanese cotton textile exporters. In Japan, Nanseikai played a role as mediator.

\textsuperscript{114} Following information about Nanseikai is digested from, Nanseikai, Nanseikai 20-nen Shi, Nanseikai, Osaka, 1978.
in adjusting individual exporters' interests in expanding their export shares and seeking an appropriate amount of cotton textile exportation to Australia, in order to maintain an orderly marketing structure and the Agreement. It also had close consultations with officials of MITI, and approached Australian leaders in the appropriate organisations such as the Textile Council of Australia and ACMA.

The concern of Japanese textile exporters was rarely raised at AJBCC/JABCC joint meetings, except in the context of general criticisms of Australia's high tariffs on manufactured commodities. This can be explained by the fact that the initiative for the establishment of the JABCC was taken by Japanese business interested in resource importation from Australia. When the committees were established in the early 1960s, the cotton textile industry was already decline. Although five textile companies were members of the JABCC in 1963, they were woollen textile, manmade fibres and synthetic textile producers, not cotton textile producers. Trading companies also showed a stronger interest in importation and joint development in natural resources rather than textile exportation to Australia. On the Australian side, Robert Webster, the Chairman of Bradford Cotton Mills Limited as well as the President of Textile Council of Australia and Cotton and Manmade Fibres Federation had been an executive member of the AJBCC since it was created. However, nothing specifically about textile importation was raised, and protectionist views were
strongly represented in the AJBCC through ACMA.

Compared with the activities of the JABCC, those of Nanseikai were much more specific and were expected to lay the groundwork for individual business dealings. Nanseikai was an actual representative of the Japanese cotton exporters to Australia and also a mediator for adjusting divided domestic interests, such as adjusting the quantities of individual company's exports of cotton textiles to Australia. It approached relevant organisations from time to time, although it did not have regular contact with any Australian business bodies.

The Coal Conference and the Iron Ore Conference were other avenues of private economic diplomacy between Australia and Japan. These were started between Japanese consumers and Australian producers in 1978. After the first 'oil crisis', the Japanese economy became sluggish and needed to cut tonnages of iron ore and coal importation from the amounts signed for in long-term contracts. The Japanese attitude towards long-term contracts created a lot of tension amongst Australian exporters. The heated discussions on this issue at the joint meetings in 1978 reflected this tension. At the joint meetings, however, there was not enough time to discuss each issue or to develop further discussions to the satisfaction of members. Japanese iron ore and coal consumers and Australian exporters agreed to hold separate conferences on each item alongside the AJBCC/JABCC joint meetings.\textsuperscript{115} Both conferences were held

\textsuperscript{115} Personal interviews, 12 March 1987, Tokyo; and 13 June 1988, Canberra.
annually, and the Japanese side presented figures of estimated demand for the coming year.

The Coal Conference was administered by Nippon Steel and the Association of Electric Power Companies in the Japanese side, and by the Australian Coal Association in the Australian side. Interests among participants to the Coal Conference were more diverse than the Iron Ore Conference. This was because coal consumers included power generating, cement and pulp companies for steaming coal, as well as steel mills for coking coal. Producer interests were also divided. Furthermore, in the 1970s, attention was paid to steaming coal, but demand appeared to be smaller than expected owing to a sudden drop in the oil price. The great variety of views on each side made the situation complicated and opportunities were needed to present problems and discuss the situation face-to-face between consumers and exporters. At these conferences, no actual negotiations were tabled and no resolutions were proposed. The main aim of the conference was to exchange opinions in more specific terms and to facilitate actual negotiations, which were difficult to do at the AJBCC/JABCC joint meetings. Jackson commented that the discussions at the conferences were evaluated as useful preparation leading to agreements on Japan's overall import tonnage at the

116. The coal mines in Queensland were mainly developed for the Japanese market with a large proportion of overseas capital including Japanese, and were large scale open cut mines. Mines in New South Wales were mainly for steaming coal and many of them were much smaller scale underground mines.
actual negotiations.\textsuperscript{117}

The issues raised at the Iron Ore Conference were not as diverse as those at the Coal Conference, because steel mills were only consumers of iron ore, and Nippon Steel was conducting contract negotiations on behalf of the Japanese mills. A businessman from Nippon Steel said that the Iron Ore Conference was very useful at the beginning in facilitating an exchange of opinions on contracts, but not very significant after that.\textsuperscript{118}

In the 1980s, Australian business circles began to pay more attention to Japan's expanding domestic markets, and the Australian government supported this trend. The Australian business community required new avenues of communication between Australian and Japanese business circles as concerned commodities and services for exporting were different from traditional commodities.

\textsuperscript{117} Personal interview, 13 June 1988, Canberra.

\textsuperscript{118} In the late 1970s, Australian iron ore producers were not happy with Japanese attitudes towards long-term contracts. The Australian side criticised the fact that it was contradictory for Japanese mills to be negotiating contracts with Brazil and India, while at the same time saying that they could not keep import tonnages from Australia because of decline in expected demand. Some business leaders argued that the Japanese consumers had caused the over-supply situation deliberately in order to reduce the price. Some also argued that Japan should give priority to the contracts with Australia because Australia had been the major and original iron ore exporter to Japan. In reply the Japanese side stressed that the reduction in tonnage was to be done across the board, thus allowing Australia to keep their traditional share. They also emphasised that the price of commodities should be an essential consideration in trading negotiations. [Personal interviews, 12 May 1987, Sydney, and 13 June 1988, Canberra.]
As Prime Minister Hawke clarified in his speech in Osaka, both the Australian business and government try to 'identify new opportunities in industrial and consumer products and services, and to register Australian interests in future Japanese trade liberalisation packages'. The Australia-Japan Business Forum was created in the context of this new direction.

Some avenues were also established through various state-based business organisations. These organisations tended to provide practical and direct services for assisting the business dealings of Australian companies in Japan. The Victorian Chamber of Manufactures, which was renamed as the Australian Chamber of Manufactures (ACM) in 1985, established its own channels with the Japanese business community in 1983 through its sister relationship with the Osaka Chamber of Commerce and Industry. Their activities were rather limited up until 1987, such as holding joint conferences and exchanging publications, but in 1987 their activities became more practical in terms of promoting business. In November 1987, the Chamber organised a mission containing 31 delegates to Osaka in order to attend the Asia Pacific Business Convention. This convention was also very

119. 'Prime Minister's speech', January 1984, Osaka, Australian Foreign Affairs Record, vol.55 no.2, 1984, pp.64-68.

120. The information was provided by the Australian Chamber of Manufactures in Melbourne, which includes Michael Connel, Report of visit to Japan, 1987, Michael Connel and Keith Stubbs, Report: ACM delegation to APACON '87, 1987, and interview on the phone in June 1988.
business-orientated, and enough time was reserved in the schedule for participants to undertake individual business talks. Furthermore, the ACM was invited by the Osaka Chamber to send senior executives of its member companies to Osaka under the Industrial Scholarship Centre Program. An executive staff member of the ACM who visited Osaka under the scheme recommended a number of areas for future co-operation and joint activities between the ACM and the Osaka Chamber. It was stressed that the development should be in practical activities. He also said that efforts were required to develop working relationships at the staff level.\textsuperscript{121}

Although the ACM does not have a special committee on Japan, it provides information for purposes of facilitating members' business dealings through seminars and briefings. It assists in introducing member companies to Japanese business circles when the services are requested. After the New South Wales Chamber of Manufactures joined the reorganised the ACM in late 1988, it was anticipated that the international activities of the ACM, particularly towards the Japanese business community, would be extended.\textsuperscript{122}

Similar activities were started by the Queensland Japan Chamber of Commerce and Industry, which was under the auspices of the State Chamber of Commerce and Industry (Queensland). The Queensland Japan Chamber of Commerce and Industry was founded in March 1987 with


\textsuperscript{122} Personal interview on the phone, 21 June 1988.
support from the state government.\textsuperscript{123} The press release mentioned that: 'With the increasing emphasis being placed on export markets by Queensland companies in view of Australia's deteriorating balance of payments and terms of trade, it was imperative that exporters be given a passage through which they could improve their endeavours in this regard'.\textsuperscript{124} Because it is a new organisation, operations are still at the initial stages and the chamber has not yet developed regular contacts with any Japanese business organisations. It now has about 150 member companies mainly located in Queensland, and has set up a reference library to assist member companies' business with Japan.\textsuperscript{125} Dispatch of a fact finding mission is also planned in October 1989.\textsuperscript{126}

These movements through state chambers are directed to more practical services, reflecting the new business atmosphere between Australia and Japan. As the AJBCC-JABCC links are based on traditional Australia-Japan trading relations and have become ceremonial, the AJBCC does not intend to provide services relating to everyday business activities. In the situation where Australian business is eager to obtain new business opportunities in Japan the formation of business organisations providing

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\textsuperscript{123} 'Press Release' by the Brisbane Chamber of Commerce, 13 March 1987.
\textsuperscript{124} Ibid.
\textsuperscript{125} Information was obtained by telephone conversation, 30 May 1988.
\textsuperscript{126} Information was obtained by telephone conversation, 4 July 1989.
\end{flushleft}
required services have been fostered.

The structure of the Japanese economy has also been changing and many firms that are not necessarily big business are seeking investment overseas. Local chambers of commerce and industry and industrial associations in Japan have become more active in providing services, such as organising seminars and dispatching missions for locally based and small to medium sized firms.

The AJBCC and the JABCC still play an important role in expressing the opinions of their own business communities to each other, and providing opportunities for business leaders to meet once a year. They also provide occasions for introducing new member companies to the counterpart business community, but they are not involved in providing services relating to specific industries or to the everyday business of individual companies. In situations where various companies are interested in acquiring introductory channels to business circles in the other country, and where closer business relations develop in different areas away from traditional trading patterns, it is natural that avenues of private economic diplomacy should be developed at multiple levels. After 25 years of operation, the activities of the two committees have become routine and ceremonial rather than a vehicle for seeking new business opportunities or promoting commercial relations between Australia and Japan. However, since joint meetings between the AJBCC and the JABCC have confirmed legitimacy as communication channels of senior business leaders of
the two business communities, demolishing the committees or holding joint meetings less frequently would be too destructive for the image of close links between the two business communities.
The conduct of private economic diplomacy towards a particular country has tended to reflect the issues arising out of Japan's economic relations with the country in question. Japan has basically pursued its economic and security interests as a member of a group of developed 'Western' nations, and particularly in cooperation with the United States. The priority in Japan's relations with developed countries has been to foster cordial economic ties. Towards developing countries on the other hand, 'economic cooperation' (keizai kyoryoku) has been the main objective of Japan's foreign economic policies. 'Economic cooperation' includes 'foreign aid', but it also involves private sector activities that are coordinated with government policy, such as investment in development projects with the assistance of Japanese government low interest loans. Consequently, government and business keep in close consultation about the conduct of 'economic cooperation'. Commercial relations with socialist countries require even closer coordination with official government policy. For business to operate on a large

1. The author would like to thank Mr Tadashi Saito from Keidanren in Japan who studied in the Department of International Relations and in the Australia-Japan Research Centre at the Australian National University from February 1986 to March 1988. His comments and information were particularly valuable for this chapter.
scale in socialist countries, it needs to work in close consultation with government so as to underpin government policy, and also to arrange payment and loans for trading and projects.

The Japanese business community aimed to establish business cooperation committees with countries that were important in Japan's overall foreign economic relations. The roles of the committees in conducting private economic diplomacy were important, because they provided permanent channels for the Japanese business community to communicate with foreign governments and business as well as their own government. At present more than 40 committees exist in Japan under the auspices of the peak business organisations. They are administered by Nissho and Keidanren or by coordinated bodies of business organisations. Cooperation among peak business organisations in conducting private economic diplomacy is a distinctive characteristic of Japanese private economic diplomacy. Some committees, including those with the Soviet Union, Indonesia, Thailand, Taiwan, Hong Kong, the Philippines were set up and administered jointly by Keidanren and Nissho (see Appendix 1).

Despite the fact that the JABCC was the first business cooperation committee in Japan which opened up an institutionalised channel of communication with a counterpart country (Australia), its activities have not been particularly distinctive when compared to those of other business cooperation committees. The following analysis of the objectives and functions of other
business cooperation committees provides a basis for comparing the JABCC with other committees. This in turn leads to an evaluation of what functions were important in the operation of the JABCC.

Private Economic Diplomacy towards Developed Countries

In the 1950s and 1960s, both the Japanese government and the business community made great efforts to remove the obstacles to Japanese exports which remained in developed countries. From the late 1960s onwards, the main concern of Japan's private economic diplomacy towards developed countries was to tackle areas of friction such as problems caused by the rapid increase in Japanese exports to those countries and Japan's incremental approach to liberalising its trade and capital markets.

In the course of Japan's private economic diplomacy towards the United States, a number of communication channels were developed between the business communities in both countries. When formal channels between the Japanese and United States business communities were set up with the inauguration of the Japan-US Businessmen's Conference in 1961, the United States did not show much enthusiasm.² The Japanese delegates were mainly the presidents of big enterprises and they became quite frustrated when they found that many of the delegates on the US side were not from the top echelons of big

2. See Chapter III.
Nevertheless the Japan-US Businessmen's Conference has been held annually since 1961 (between 1961 and 1967, however, only four joint meetings were held), functioning as a forum for Japanese and American business leaders to exchange opinions. This sometimes resulted in joint recommendations to their respective governments. When trade friction became a more serious concern, the American side used the conference to express criticism of Japan. The Japanese defended their position and pointed out that problems in the United States' economy were also a cause of the trade imbalance. At the Steering Committee for the conference in 1986, the delegates agreed to undertake joint tasks in order to make a policy recommendation to both governments on the new international round in the GATT.

The Japanese business community also established channels with the American business at state level.

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5. The Japan California Association was founded in 1965, the Japan Central Western US Association in 1967, the Japan Southern Eastern US Association in 1976 and the Japan Hawaii Business Council in 1973. Members of the Japanese side are representatives of the companies that are interested in business or have already been involved in business in the region, but the US counterparts include state
Compared with the functions of the Japan-US Businessmen's Conference, these groups concentrated on issues at the state level. The joint meetings were also useful occasions for businessmen to extend their personal networks for business purposes. The state governments also wanted to attract Japanese companies to invest in their states.  

Businessmen's conferences with Canada also began in the early 1960s and joint meetings were held. Japanese business leaders, however, were dissatisfied with these conferences. A Japanese business leader commented that, because the Canadian delegates were all 'like Presidents of small local chambers of commerce or village headmen', the conferences could not develop satisfactory discussions with Japanese big business delegates. In 1978, a new form of Japan-Canada Businessmen's Conference started. The joint meetings were held annually, and governors and officials, as well as businessmen. They hold annual joint meetings and exchange opinions.


discussed the main economic issues of the two countries, such as trade and development of energy and mineral resources in Canada, forestry and fishery resources, trade and joint investment of manufacturing products, and promotion of tourism.

Private economic diplomacy towards European countries was conducted through bilateral relations committees or holding businessmen's conferences after exchanges of missions in the early 1960s. After Japan became recognised as a 'developed' country in the 1960s, Japanese business developed multiple channels with European business communities. Even under the auspices of Keidanren, the communication channels with EC countries were established not only through the Committee on Japan-EC Relations, but also through the Committee on International Industrial Cooperation\(^\text{11}\), and BIAC Japan (Business and Industry Advisory Committee to OECD Japan). In this situation, holding bilateral relations committee meetings regularly with each country became too much of a burden. Japanese business leaders preferred missions and ad hoc meetings as a way of keeping contact with the counterpart business community. These missions visited several countries during the same trip rather than

\(^{10}\) Joint meetings were held several times with Britain, Italy, France, West Germany, Netherlands, and Sweden until the mid-1970s. [See Keidanren Jimukyoku, 'Wagakuni keizaikai to senshin kogyokoku to no koryu katsudo ni tsuite', Keidanren Geppo, vol.22 no.12, 1974, p.47.]

\(^{11}\) This committee organised the Japan-France Industrial Cooperation Committee with a French business organisation, and the Japan-EC Round Table on electrical equipment.
holding regular, separate joint meetings with each country. Missions from Japan were carefully planned so as not to miss out any of the major countries. Economic missions were sometimes utilised to express Japanese interest in comparatively minor countries, such as Greece, Portugal, Spain, and Finland.

In the 1970s, the main concern of Japan's private economic diplomacy towards European countries was to avoid friction and improve trade relations. In the early 1970s, the Japanese business community agreed with the basic principle of orderly marketing and started to seek possibilities for investing in these countries. Keidanren dispatched two types of missions: regular missions of senior business leaders to discuss these issues in general; and missions of businessmen to undertake actual business negotiations.

12. This was pointed out in discussions with Mr Tadashi Saito.

13. In 1971, Keidanren sent a mission to EC countries. In 1973, missions aimed at promoting imports to Japan were sent to France, West Germany, Italy, Britain, Finland, Norway and Sweden. Since then major missions have been sent frequently, that is, in 1976, 1978, 1979, 1980, 1983, 1985, and 1986. Import and investment missions were also sent to the United States, Canada, and other countries consulting with MITI. Meanwhile, business communities and the governments in Europe sent missions to Japan for the purpose of presenting meetings or seminars to promote Japanese investment. The imports and investment missions were aimed at carrying out actual business dealings. In the cities the missions visited, business negotiations were prepared by the counterpart. For instance, when the import mission was sent to Belgium, Netherlands and Luxembourg, it was reported that they concluded $190 million worth of purchases in total. [See Mitsuo Uemura, 'Benerukusu yunyu sokushin misshon no seika to shoken', Keidanren Geppo, vol.27 no.7, 1979, p.39.]
Businessmen's conferences, such as the Japan-US Businessmen's Conference, have been held as fora for leading businessmen to exchange opinions. Through this sort of dialogue, the business leaders of developed countries have been able to exchange opinions at a global level. The discussions have assisted the development of a consensus about the critical economic problems affecting their countries. However, it has been difficult to come to resolutions that would compromise each country's position. It was inevitable that the capacity of these fora to solve problems would be limited.

It was reported in 1987 that the American delegates strongly doubted the usefulness of the Japan-US Businessmen's Conference. The president of the committee on the US side was reported as saying that it was doubtful whether the meetings had played a role in easing trade friction between Japan and the United States.\(^\text{14}\) However, Ushiba claimed that maintaining dialogue with partners at various levels and exchanging opinions that were based on each country's interests were still important.\(^\text{15}\) The Japanese delegates were expected to stress Japan's efforts to solve problems, such as removing non-tariff barriers, promoting orderly marketing, or introducing appropriate economic policies to deal with American complaints.

\(^\text{14}\) *Yomiuri Shinbun*, 16 July 1987.

\(^\text{15}\) 'Teidan: Nichi-bei-o no kyocho to nihon no tachiba o kataru', *Keidanren Geppo*, vol.25 no.3, 1977, p.40.
In order to achieve concrete results, special missions for purchasing commodities to increase imports or for inspecting conditions for investment were dispatched. When joint meetings or businessmen's conferences were held, investment seminars, export products exhibitions, or individual business negotiations were sometimes held outside the meetings.

Furthermore, overseas missions were sometimes organised in order to influence domestic opinion. Missions sent by Keidanren (which has been a promoter of Japanese market liberalisation since the early 1960s) visited European countries knowing that the missions would face criticism from foreign business and government leaders about Japan's lack of effort to open up its market. These missions provided opportunities for foreign counterpart to express their complaints to Japanese business representatives. After the missions returned, the Japanese leaders had meetings with government officials and stressed the serious level of dissatisfaction amongst foreign business communities with Japanese policies. They also strongly recommended that the government alter its policies.  

16. For instance, after the Keidanren mission to Europe in November 1986 returned, the Chairman of Keidanren, Saito, reported the European business communities' demands to the Executive Committee of Keidanren. [See Eishiro Saito, 'Ho-o no moyo', Keidanren Geppo, vol.35 no.1, 1987, pp.30-31.] Moreover, the summary of requirements from the political and business leaders of the countries visited were published. According to the report, Prime Minister Thatcher expressed dissatisfaction with Japan's 'artificial non-tariff barrier', by mentioning that the Japanese restrictions on liquor, skiing goods and seatbelts were causing difficulties for British exports to Japan. [Refer
missions acted as a medium of communication between the Japanese business community and the countries visited, and indirectly between the countries and the Japanese government. More importantly, Japanese business leaders could generate domestic support for their views and exert influence over government by highlighting foreign criticism of Japan.

'Economic Cooperation'

Private economic diplomacy to developing countries was often conducted in a way that assisted business involvement in 'economic cooperation' (keizai kyoryoku). The term 'economic cooperation' is not easy to define clearly. It is sometimes used, just as 'private economic diplomacy' (minkan keizai gaiko) was used in the 1950s and 1960s, to justify the advance of Japanese business into developing countries. In practice, 'economic cooperation' involves government aid, but also extends to private business activities considered helpful to the economic development of recipient countries, including investment in development projects, assisting imports into Japan from these countries, and Japanese exports of capital goods to these countries.

Rix argues that in Japan 'a precise concept of "foreign aid" was not often distinguished from that of

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"economic cooperation". For business sectors, 'economic cooperation' was complementary to their business interests in the developing regions that were markets for Japanese commodities and plant exports, suppliers of natural resources, places welcoming investment and loans, and markets for consulting or feasibility studies. Rix points out that in the 1950s, 'the concept of "economic cooperation" was used by government officials and businessmen alike to describe Japanese attempts to further economic relations with developing nations, especially those of Asia'. He further states:

The general thrust of thinking of the 1950s continued into the 1960s. They treated 'aid (enjo)' as the part of Japan's economic policies towards developing countries defined by the DAC [Development Assistance Committee of the Organisation for Economic Cooperation and Development] as 'development assistance', government and private flows included, and it was not until late in the decade that a further line was drawn separating official and non-official resources.

The prime motivation of economic cooperation changed in accordance with Japan's economic power in the world economy. From the 1950s to the late 1960s, economic cooperation was regarded as a means of expanding markets for Japanese exports by getting involved in development projects in the developing countries and selling capital

18. Ibid., p.23.
19. Ibid., p.31.
commodities. From the late 1960s onwards, particularly after the so-called 'oil crisis', securing the supply of natural resources was the main concern and the Japanese government strengthened foreign aid towards oil producing countries.\textsuperscript{20}

The implementation of Japan's economic cooperation however, has always been used as a tool for enhancing Japan's economic development and maintaining its security, as well as demonstrating a responsibility towards assisting developing countries. The Japanese business community supported the development of foreign aid policies\textsuperscript{21}, and established mechanisms to represent their interests and opinions on this matter. The role of the private sector through technical assistance, trade and investment has also been regarded as important for efficient economic cooperation.\textsuperscript{22} In other words, economic cooperation was conducted by both the government and private sector and required close consultation between them.

\textbf{20.} Inada observed a great change in Japan's foreign aid policies after the 'oil shock' in 1973. He pointed out that the total amount of ODA (Official Development Assistance) increased from $480 million to $770 million and the range of recipients of Japanese foreign aid widened dramatically. [See Juichi Inada, 'Hatten tojokoku to nihon', in A. Watanabe (ed.), Sengo Nihon no Taigai Seisaku, Yuhikaku, Tokyo, 1986, pp.294-297.]

\textbf{21.} For example, in 1959 Keidanren presented a request for the promotion of foreign economic cooperation. [See Kazumi Goto, 'Wagakuni no enjo gyosei no jittai bunseki', Kokusai Seiji, vol.64, 1980, pp.67.]

The creation of business cooperation committees with developing countries strongly reflected Japanese business interests in economic cooperation with these countries. The committees served as channels of communication for Japanese business with its own government, with foreign governments and business groups, and amongst Japanese business circles generally. These committees did not necessarily have counterpart committees representing the private sector. When a country received a large amount of aid from Japan, a committee concerning that country was set up. When oil importation became an important issue and the Japanese government wanted to strengthen economic cooperation with oil exporting countries, committees with these countries were established or reactivated. When the political regime changed in a country in which the Japanese business community had a strong economic interest, economic missions were sent to confirm communication channels between the Japanese business community and the new government.

Through the operation of business cooperation committees with developing countries, business became involved in consultation on and implementation of government-to-government agreements on economic cooperation. The agreements included, for example, offering Japanese government loans and grants, assisting particular projects, and setting up schemes for technical assistance. Business could consult with the government about what projects would be achieved with the loans, in what way the loan should be returned and how the projects
should be conducted. Business could also get involved in the implementation process by undertaking the projects in detail, providing materials and engineers, and accepting trainees from a foreign country under the government's technical assistance scheme.

Business cooperation committees sometimes needed government assistance to promote economic cooperation with the country in question. It included, for example, changing Japanese taxation systems for export, obtaining investment and export insurances, organising low interest loans to undertake projects, and organising the rescheduling of loans depending on the progress of the projects and the counterpart country's economic condition. Business could also press their own government to conclude various agreements with the counterpart foreign government.

Another channel of communication that the business cooperation committees provided for Japanese business was with foreign governments. When the latter's development plans were discussed at joint meetings, Japanese business could present its views. On occasions the Japanese side also asked for the removal of obstacles to their trade with the country (such as tariffs, non-tariff barriers, and other complicated administrative procedures), tax privileges for investment in the country, and various other improvements in appropriate legislation. At the same time foreign governments sometimes asked for Japanese business cooperation with their development plans.
Furthermore, many issues discussed between the Japanese and counterpart committees required consultation amongst Japanese business leaders. Coordinating Japanese companies for projects in Mexico, and supporting commencement of the sales of Korean bonds in yen on the Tokyo stock market are examples of consultation done by the committees.

The committee on South Korea played an active role in promoting economic cooperation. Through the operation of the committee, the Japanese side presented their views on South Korean national development plans and on construction of various industrial zones. The Japanese committee supported the Korean request for the commencement of sales of Korean yen bonds on the Tokyo stock market. Furthermore, through discussions at joint meetings with the Korean committee, the Japanese side requested changes in South Korean government regulations to promote economic cooperation. The committee sought the revision of Korean legislation on tax privileges, industrial property, and tariff and non-tariff barriers. At the same time, the Korean side requested Japanese government and business assistance on specific projects. These requests were passed on to the respective governments. Sub-committees (including sub-committees on trade, heavy-chemical industries, and the machinery

23. When Japan normalised diplomatic relations with South Korea in 1965, a Japan-Korea Economic Meeting commenced. In 1969, a permanent body, the Japan-Korea Economic Committee was set up. The Committee was administered by the Japan-Korea Economic Association with the cooperation of peak business organisations.
industry) and many special missions were organised to handle specific matters. The committee also supported the government-to-government agreement on the technical assistance by selecting companies that accepted Korean trainees.  

A business committee on Indonesia was established in association with Japanese government aid to Indonesia. Indonesia was one of the biggest recipients of Japanese aid, and the Committee on Cooperation with Indonesia was set up in 1969 under Keidanren just after yen loans to Indonesia began. This committee, however, did not have a counterpart committee in Indonesia. The major tasks of the committee were to arrange the efficient operation of Japanese economic cooperation with Indonesia under the Suharto regime. This was in response to recognition by the Japanese business community that economic cooperation with the Sukarno regime had been a complete failure, and that Indonesia was not capable of


25. From 1958 to 1970, 80,309 million yen was granted in the category of reparation. Up to 1985 a total of 72,515 million yen was granted and 1,323,544 million yen loaned.

26. Even before the committee was launched, Keidanren had a sub-committee on Indonesia and held frequent meetings. [See Keidanren Jigyo Hokoku, vol.27, 1968.]
paying back the loan.  

The covenant of the Committee on Cooperation with Indonesia outlined the domestic consultation roles of the committee. It stated that the main reasons for the establishment of the committee were: 1) to ask the opinions of relevant Japanese enterprises and coordinate their interests in economic cooperation; 2) to set up channels with the Japanese government to exchange opinions and information on the issue; and 3) to establish a 'window' to the counterpart country (mainly with the government).

Private economic diplomacy towards Mexico became very active after the Mexican government announced in 1978 that oil reserves were much bigger than expected and that the government was interested in promoting oil exports. The business cooperation committee with Mexico provided important communication channels among the Japanese business community, the Japanese government, and the Mexican government. In the 1970s because of the two 'oil crises', both the Japanese government and business community were very concerned about security of oil supply. Mexico came to be regarded as an alternative


28. Takasugi, 'Indonesia iinkai no setsurirtsu to kongo no unei ni tsuite', pp.2-3.

29. The business relations committee meeting with Mexico in 1961 was the first meeting of this sort held by the Japanese business community. However, until the mid-1970s, the Japanese side was not enthusiastic about the operation of the committee with Mexico.
oil supplier. The Mexican government requested Japanese
government and business to assist their development plans
(particularly three steel plant projects and four
projects on port construction) in return for securing oil
exports to Japan.

The Japanese government (MITI in particular) and
business cooperated in negotiating oil imports from
Mexico, setting up an oil import company from Mexico
(among Japanese petroleum companies, trading companies
and banks), and promoting steel industry projects.30 The
Japanese government dispatched various missions of
businessmen to discuss the oil imports in detail, and
began official diplomatic negotiations.31

In promoting steel plant projects too, Japanese
government involvement was essential, and Japanese
business leaders had frequent contacts with the
government. These projects were potentially profitable
to Japanese business but they were too costly and too
risky to be carried out without official financial

30. For further information about the oil project, see
Tokio Yoneyama, 'Mekishiko sekiyu yunyugaisha o
setsuritsushite', Keidanren Geppo, vol.27 no.12,
1979, pp.40-43. For the steel projects, see, Mamoru
Nishihara, 'Mekishiko tekko purojekuto no genjyo',
(I), Keidanren Geppo, vol.28 no.12, 1980, pp.62-64;
and, Norifumi Kumagaya, 'Mekishiko tekko purojekuto
no genkyo', (II), Keidanren Geppo, vol.29 no.1,
1981, pp.70-72. Also see 'Zadankai: Tai boku
keizai kyoryoku no hoko o saguru', Keidanren Geppo,
vol.27 no.5, 1979, p.6; 'Zadankai: nichi-boku
keizai kyoryoku no genjo to kongo no tenbo',

31. Japanese ministers for International Trade and
Industry and Foreign Affairs also visited Mexico in
1979 and agreed with the Mexican government that the
oil trade would be conducted on a government-to-
government basis.
support. As a Japanese business leader suggested, Japanese business circles required the government's support in order to secure oil supplies. Japanese business leaders also suggested to the Mexican side that it would be crucial to connect the oil export issue with economic cooperation in order to obtain financial support from the Japanese government. 32

These issues were discussed at business cooperation committee meetings with Mexico. In fact, at the joint meetings the Mexican government expressed its interest in exporting oil and requested the Japanese side for Japanese assistance for its development plans (because most of the Mexican delegates were government officials). Even the Mexican President attended the tenth joint meeting in Tokyo and stated Mexico's interests. 33 Responding to the Mexican government approach, a six-man committee was set up in 1979 under the Chairman of Keidanren, Doko. One of the business leaders said that the establishment of the six-man committee aimed at organising effective approaches of enterprises to Mexico. 34 Certainly, setting up a committee did not guarantee cooperation in the business community. Individual enterprises remained competitive. But it did provide a mechanism for cooperation among big enterprises.

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32. 'Zadankai: nichi-boku keizai kyoryoku no genjo to kongo no tenbo', pp.27-33.


34. 'Zadankai: tai-boku keizai kyoryoku no hoko o saguru', p.24.
by organising a legitimate body. This body could be influential, especially when there were issues raised that individual enterprises could not deal with on their own, such as seeking Japanese government financial support or negotiating with foreign governments.\(^{35}\)

In the 1980s, diversification of recipients of Japanese aid continued. Some of the countries to whom Japanese aid was granted were unfamiliar with Japanese business circles, especially Turkey and many African countries. Once the Japanese government provided foreign aid to these countries, business circles could be motivated to search for possible business commitments with them. For example, the Japan-Turkey Economic Committee was set up in 1986 and the first joint committee with the Turkish counterpart was held in March 1987. Japan's ODA to Turkey suddenly increased in the 1980s in accordance with the decrease in aid from the United States.\(^{36}\) The chairman of the Japanese committee

\(^{35}\) A similar pattern could be observed in the case of the committee with Venezuela, although it was not fostered as much as that with Mexico. In 1975, the Venezuela-Japan Economic Committee was created, following the request to Japan from Venezuela to assist its industrialisation plan and an oil development project. It differed from the Mexican case in so far as the Japanese government preferred to keep it limited to the private sector. The private sector regarded Venezuela as an expanding market for Japanese steel and machinery with utilisation of the 'oil dollar' after the increase of oil prices.

\(^{36}\) It was $27.3 million in 1982 and $36.9 million in 1984. Whilst Turkey's receipt of ODA from the member countries of DAC (Development Assistance Committee of the OECD) has dramatically decreased; $528.1 million in 1982 to $187.9 million in 1984. ODA from the United States to Turkey has also decreased from $343 million to $109 million. [Refer to Wagakuni Keizai Kyoryoku no Genjo to Mondaiten,
expressed his hope that the committee would advise the Turkish government to consider the opinions of Japanese business circles on their economic policies and investment conditions in Turkey.\textsuperscript{37} Missions and committees opened up opportunities for introducing Japanese business to these countries.

**Channels with Socialist Countries**

Business cooperation committees with socialist countries, particularly the Soviet Union and China, established a legitimate channel of communication with these countries. Japanese business and government supported trade relations with socialist countries under the principle of \textit{sei\-kei bunri} (separation of politics and economics). This principle was particularly emphasised with China (People's Republic of China) before the normalisation of diplomatic relations in 1972.\textsuperscript{38}

Private channels were particularly useful for the Japanese government to keep communication channels open with socialist governments. Even when problems were


\textbf{38.} Ogata wrote that the 'window' of the Japanese business community towards China was kept open by the Association of International Trade Promotion (\textit{Kokusai Boeki Sokushin Kyokai}) and the Memorandum Trade Office (\textit{Oboegaki Boeki Jimusho}), whose main actors were Diet members as well as business leaders. She also concludes that business circles led domestic public opinion in Japan in favour of normalising diplomatic relations. [See Ogata, 'Nihon no taigai seisaku kettei katei to zaikai',}
articulated through these private channels, they could be handled at the private level, and the government did not have to take any responsibility. Besshi points out in his study of informal contact-makers between Japan and China prior to normalisation that the activities of the private sector (although he includes Diet members and political leaders in the category of informal contact-makers) worked as a 'safety valve' or 'insurance' for the Japanese government that had not yet determined clear foreign policies towards China. 39

Before normalisation, the Japanese government did not officially assist commercial relations with China. This policy was closely related to US policy on China. Ogata argues that the Japanese business community at a higher level (zaikai level) did not take coordinated action towards promoting economic relations with China. Keidanren, in particular, did not take up the matter of China until normalisation became definite. This was due, according to Ogata, to political tension and it was difficult to adjust the interests of members. Some business leaders such as Uemura, the Chairman of Keidanren, and Vice-Chairman Horikoshi supported closer relations with Taiwan. They were against the notion of recognising the People's Republic of China as the legitimate government of China, because it would entail the de-recognition of Taiwan. Channels were maintained by individual enterprises or smaller bodies of

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businessmen, as well as by a group of pro-China politicians. After Nixon's visit to China in 1971, the Japanese business community approached China more actively and openly. Peak business organisations and influential business leaders such as Kikawata and Nagano gave strong support to recognising China.⁴⁰

After normalisation of diplomatic relations with China, the Japanese business community set up two bodies: the Japanese Committee on East Asia Businessmen's Conference concerned with economic relations with Taiwan; and the Japan-China Association on Economy and Trade to promote relations with China. The Japan-China Association was established with the support of peak business organisations and MITI.⁴¹

The Japan-China Association maintained regular contacts with the Chinese side. The Association organised various missions of businessmen to China jointly with related government departments, and hosted a number of Chinese missions. It also expressed interest in

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⁴⁰ Ogata, 'Nihon no taigai seisaku kettei katei to zaikai', pp.228-235.

⁴¹ The work of the Association was to: 1) collect information on Japan-China economic relations and present long-term views on relations; 2) provide services on delivering information; 3) promote economic relations with China by holding seminars and publishing newsletters or reports; 4) advise the government on economic policies towards China; and 5) undertake miscellaneous tasks, such as exchanging specialists, engineers and students, or assisting individual business negotiations. The association has a research section and a service centre for joint ventures, as well as a general administration section. [See Yoshihiro Inayama, 'Nichi-chu keizai kyokai no hosoku ni atatte', Keidanren Geppo, vol.21 no.1, 1973, pp.53-54; and Nichi-chu Keizai
in a long-term trade agreement. When the Chinese government also showed positive interest in the matter, the Japanese side responded quickly. Only a month after the Chinese announcement of more positive attitudes towards external trade, Inayama visited China and raised the issue of a long-term trade agreement.\(^4\) In October 1977, the Preparatory Committee for a Japan-China Long-Term Trade Agreement was created. The committee was composed of various sub-committees for specific issues, such as oil, energy coal, coking coal, exportation from Japan, and payment. Detailed matters for the long-term agreement were discussed by each sub-committee.\(^4\)

When the agreement was signed in March 1978, the preparatory committee was renamed the 'Japan-China Long-Term Trade Committee'.\(^4\) In order to make the Agreement flexible, it was agreed that joint meetings would be held annually to reconsider the conditions of the Agreement.\(^4\)

42. A plan for signing a long-term trade agreement between Japan and China was discussed with the Chinese side in 1974, but further development on this matter had to wait until 1977. In February 1977, the President of the Japan-China Association, Inayama, again proposed the signing of a long-term trade agreement on his visit to China. Agreement was expressed by the Chinese side when the Chairman of Keidanren, Doko, led a mission in the following month.


44. The Agreement said that trade between Japan and China from 1978 to 1985 would be around $10,000 million each way. It also said that during this period, Japan would export between $7,000 million and $8,000 million worth of plants and technology, and $2,000 million to $3,000 million worth of materials and machinery for construction. China would export a certain amount of oil, coking coal
From the mid-1980s onwards, the trade imbalance between the two countries became noticeable. MITI organised a mission of 160 delegates in order to promote imports from China. The Japanese side presented a scheme for setting up a model factory with Japanese technical assistance and financial support.\(^4^6\) In order to follow up the plans, the Japanese side planned to create a Japan-China Council for Trade Expansion.\(^4^7\)

The bilateral business relations committee with the Soviet Union has a longer history than the one with China. It was 'exclusively responsible for conducting negotiations for Japanese participation in Siberian development, functioning as the only official channel with the Soviet counterpart'.\(^4^8\) The Japan-Soviet Business Cooperation Committee and the Soviet-Japan Economic Committee as its counterpart were established in 1965.

In the early 1960s, the Soviet Union approached Japan about getting involved in Siberian development and energy coal.

45. The period of the Agreement was extended to 1990 at the joint meeting in 1979, and the total amount of trade was also increased.

46. Under this scheme, some items would be chosen and the whole process of manufacturing and marketing of the items would be discussed with Japanese side. Costs of the scheme, such as dispatching Japanese specialists or accepting Chinese trainees in Japan and organising exhibition and business negotiations for the products would be financed by MITI.


The Japanese private sector showed interest in the projects as a promising export market for Japanese machinery. In the early 1960s, some Japanese companies also sought export markets in the Soviet Union, quite independently of the Siberian development plans. For example, Kawai (President of Komatsu Ltd) led a mission in 1962, and concluded $90 million worth of export contracts in the ship building sector.

At the Hakone meeting on private economic diplomacy in 1962, some critical comments were expressed about seeking trade opportunities with the Soviet Union. The Japanese business leaders in peak business organisations were rather cool towards the Kawai mission. One of the business leaders said that Japan should get involved in development projects in the Asian region rather than in Siberia. The Chairman of Keidanren, Ishizaka, also said that 'the mission was not the responsibility of Keidanren'. However, in 1965, after discussions among Japanese business leaders, it was decided that Keidanren and Nissho would accept the proposal from the Soviet

49. This was suggested by Mikoyan (Deputy Chairman of the Council of Ministers of the Soviet Union), when he visited Japan in 1961 and 1963.


51. In the same year, civil engineering, petrochemical and chemical textile industrial delegations also visited the Soviet Union, and in 1963 a machine-tool delegation was sent. [Kimbara, 'Development of Siberia and Japan', pp.67-68.]


53. Ibid., 23 August 1962.
Union for the establishment of the committee.

The Japan-Soviet Business Cooperation Committee was established as a legitimate body representing Japanese big business towards the Soviet Union. It was agreed at the standing committee of the Japan-Soviet Business Cooperation Committee in 1967 that the basic direction of Japan-Soviet economic relations and the course of its development should be decided by the committee. The Japan-Soviet Committee has a more exclusive character of membership than other business cooperation committees in order to maintain stronger cooperation among members. Only the companies that are well established big companies and members of both Keidanren and the Chambers of Commerce and Industry in Japan can apply for membership of the committee. Members are supposed to be big enterprises representing Japanese industry. The entry of a new member has to be agreed to by both the Chairman of Keidanren and the President of Nissho, and approved by the chairman of the committee.

Proposals for new projects are brought to joint meetings of the Soviet and Japanese committees. Detailed discussion and/or negotiations on the projects are carried out by issue-based sub-committees of these committees. From the mid-1960s to the mid-1970s, various Japan-Soviet Siberian Development Projects were proposed at the joint meetings.54 As a result of tensions in

54. These include the Soviet Far East Forestry Resources Development Project, the Vrangel Port Construction Project, the Wood Chip and Pulp Development Project, the South Yakutian Coking Coal Development Project, the second Soviet Far Eastern Forestry Resources Development Project, the Yakutian Natural Gas
Japan-Soviet relations over the Soviet invasion of Afghanistan, joint meetings between the Japanese and Soviet committees were suspended. The ninth joint meeting in 1983 was held almost five years after the eighth meeting in 1979. At the tenth joint meeting in 1986, the Soviet side showed strong interest in the joint ventures with Japanese enterprises and with third countries, which were originally raised by the Japanese at the ninth meeting. It also requested Japan's assistance in technology development.55

The Japan-Soviet Business Cooperation Committee has provided a major channel for communication between the Japanese business community and its Soviet counterpart. It has also acted as an intermediary for negotiations on Siberian development projects not only with the Soviet government, but also with the Japanese government. Kimbara points out that in the 1970s the Japanese government got involved in the activities of the Japan-Soviet Business Cooperation Committee with regard to matters of Siberian projects.56 When the government continued to stay outside actual negotiations with the USSR,57 communication channels between the committee and

[Project, and the Sakhalin Continental Shelf Oil and Natural Gas Project. [See Kimbara, 'Development of Siberia and Japan', pp.68-71.]]


56. Kimbara, 'Development of Siberia and Japan', p.70.

57. Ibid.
the government in Japan became more important in terms of deciding in what way the government would assist the projects financially. Through these communication channels, Japanese businessmen who were involved in the committee could obtain information about what economic projects were planned in the Soviet Union. As Saito observed, when General Secretary Gorbachev announced a new Soviet external policy towards the Asia-Pacific region in 1986 and proposed increased economic cooperation with Japan, 'his speech hardly surprised Japanese businessmen'. Saito noted that the subject of economic cooperation had already been discussed at the tenth joint meeting. 58

Avenues of Japan's private economic diplomacy with Eastern European countries were strengthened after the Japan-Soviet Business Cooperation Committee was established. In 1967, the Japan Association for Trade with the Soviet Union and the Socialist Countries of Europe (Sotobo) was launched. 59 Sotobo has been composed

58. Tadashi Saito, 'Gorbachev's speech in Vladivostok and Japan-Soviet economic relations', Background paper for an Australia-Japan Research Centre Seminar, 24 November 1986, p.3.

59. After the establishment of the Japan-Soviet Business Cooperation Committee, big business could openly promote trade with other socialist countries. Before this big business had used 'dummy' companies to conduct business with these countries. The body that preceded the Sotobo (Soren To-o Boeikikai) was the Association for Trade of Japan-Soviet Union and Socialist Countries of Europe (Nichi-so-too Boeikikai), which was composed of businessmen in charge of trade with these countries in the major Japanese trading companies. The establishment of Sotobo was strongly supported by Keidanren, and the Chairman of the Association became a member of the Japan-Soviet Union Business Cooperation Committee. [See Soren-To o Boeikikai, Soren-To o Boeikikai Annai,
of companies that pursue interests in trading with these countries. The main members are trading companies as well as manufacturers of machinery and banks.

The activities of Sotobo were directed to facilitating the actual business of individual companies (such as the opening of trade fairs, dispatching and accepting engineers and trainees, and carrying out research for promoting trade with these countries in consultation with the Japan-Soviet Business Cooperation Committee). It has a permanent research staff and undertakes research on trade relations and examines the economic situation in East European countries. This research is published regularly. It does not look after various projects, unlike the Japan-Soviet Business Cooperation Committee.

Sotobo also administers a number of business cooperation committees with Eastern European countries (see Appendix 1). In the late 1960s, the governments of these countries approached the Japanese government with a request for increased trade. Japanese attention to these countries reflected the increasing interest of Western European countries and the United States in business with the countries of the communist bloc. In 1969, the Japanese government sent an economic mission to

Tokyo, 1987.]

See Appendix 1 for the list of business cooperation committees under the auspices of Sotobo.

60. Keidanren Jimukyoku, 'Soren to-o shokoku to no minkan keizai koryu no genjo ni tsuite', Keidanren Geppo, vol.22 no.11, 1974, p.60.
Yugoslavia, Bulgaria, Rumania and Czechoslovakia led by the Chairman of Keidanren, Uemura. On its return the mission advised the Japanese business community to promote trade with these countries by offering export credits or setting up joint ventures. The business community also started to establish institutions to promote economic relations with these countries. A number of business cooperation committees with Eastern European countries were set up in succession. They held regular joint meetings with counterparts, assisted in the opening of trade fairs, obtained information on conditions for joint ventures, and promoted private loans for businesses in these countries.

Compared with China, commercial relations with the Soviet Union and the Eastern European countries were maintained at a low level until the early 1960s. The number of companies involved in relations with the Soviet


62. The first one was set up in 1971 with East Germany, although the Japanese government had not yet recognised East German sovereignty. Following the creation of the Japan-DDR Economic Committee. The Japan-Hungary Economic Club was set up in 1971. The Japan-Czechoslovakia Economic Committee, the Japan-Rumania Economic Committee, the Japan-Poland Economic Committee and the Japan-Yugoslavia Economic Committee were all set up in 1972. Except for the Japan-Bulgaria and Japan-DDR Committees, these committees were administered by Sotobo.

63. In 1974, a $100 million private loan was concluded with Bulgaria, a $120 million loan with Rumania, and a $100 million loan in 1970, a $200 million loan in 1972, and a $180 million loan in 1974 were signed with Poland. [See Keidanren Jimukyoku, 'Soren to-o shokoku tono minkan keizai koryu no genjo ni tsuite', pp.61-63.]
Union was much smaller than those with China. This was because Japanese business had had very close relations with China before the Second World War. When Japan's economic involvement with the socialist countries became possible on a large scale because of changing political circumstances, systematic and exclusive avenues were organised. This systematic approach was expected to give stronger bargaining power to Japanese business against the counterpart government. It also made it easier to set up bigger projects that needed the Japanese government's financial support.

Organising a cooperative body among big enterprises, however, did not mean that economic considerations could alter political concerns. On the contrary, political concerns could restrict economic relations. As the failure of the Tyumen Oil Development Project showed, political sensitivity could stop a project. When Soviet-Japan relations were tense, the Japan-Soviet Committee did not hold joint meetings with their Soviet counterpart. In 1983, however, a mission led by Nagano (the President of the Japan-Soviet Committee) with 200 delegates visited the Soviet Union. This mission essentially demonstrated that the Japanese business

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community had not lost interest in business relations with the Soviet Union. In the case of the Japan-China Association also, when the Chinese side expressed positive interest in the conclusion of a long-term trade agreement, the association organised a quick response by the Japanese business community and government by dispatching a mission. The existence of business cooperation committees such as the Japan-Soviet Committee and the Japan-China Association kept mechanisms ready in the Japanese business community for approaching the counterpart country immediately if and when the atmosphere for business improved.

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In the course of the development of private economic diplomacy, the increase in the number of business cooperation committees indicates that the Japanese business community gradually instituted more permanent channels of communication with other countries. The changes in the methods by which private economic diplomacy was conducted suggests that the Japanese business community established their communication channels without relying on Japanese government assistance. In the 1950s, when Japanese business did not have influence in the world economy, the government assisted business leaders to open avenues of communication between the Japanese business community and foreign countries. Appointment of delegates and missions from the private sector exemplified this government assistance. From the 1960s onwards, the business
community extended their communication channels by utilising the resources of peak business organisations. Many business cooperation committees were set up under the auspices of the organisations. Peak business organisations and even business cooperation committees organised regular and ad hoc meetings with and missions to foreign countries, in order to maintain and expand contacts between Japanese business leaders and foreign business and political leaders. The Japanese government often utilised these channels for policy implementation and for expressing its commitment to changing its foreign economic policies in response to criticisms from trading partners.

Business cooperation committees were thus an important instrument for conducting Japan's private economic diplomacy. The objectives and functions of a committee varied according to the country the committee was concerned with, who the committee dealt with in the counterpart country, and what the main issues were in Japan's economic relations with the country. The nature of committee functions tended to reflect the level of development of the relevant country, whether it was a developing, developed or socialist country.

The involvement of business cooperation committees in the formulation of foreign economic policies can be assessed by looking at the operating procedures of the committees rather than by examining submissions or reports presented by the committees to the government. In the latter context, the impact was not great.
According to Ushiba, the reports made after committee meetings or the return of missions were not generally given much attention by the government. He commented that this was different from the US case where the American government considered the recommendations contained in these reports more seriously.\textsuperscript{66} When the Japanese government sent a mission in response to requests from other governments, or when the country in question was not prominent in Japanese foreign policy, the mission was not expected to do more than signify a courtesy visit.

However, it is important to note that the operational processes of committees and of dispatching special missions often involved cooperation between business and government. As observed at the Hakone meeting in August 1962, sending missions included a process for prior agreement on the general objectives of private economic diplomacy by business leaders and government officials. In other words, the preparatory process of sending missions provided opportunities for business and government leaders to forge a shared concern on crucial issues in foreign economic relations (such as reparation matters, foreign aid issues, securing energy supply and trade surplus problems) and to discuss tasks to be undertaken. Furthermore, as exemplified by 'economic cooperation', business cooperation committees provided the government with channels of consultation with business circles, and measures for implementing its

\textsuperscript{66} Ushiba and Hara, \textit{Nihon Keizai Gaiko no Keifu}, p.130.
Political functions were more significant in the operation of the committees with developing and socialist countries than those with developed countries. In the case of developing and socialist countries' committees, counterpart bodies were often governmental. The Japanese committees sometimes did not have equivalent counterpart committees (such as the case of Indonesia until 1977, Mexico, and China).

In order to conduct economic cooperation, business became involved in policy formulation and implementation processes through the conduct of private economic diplomacy. Business cooperation committees with developing countries were important bodies to unify diverse business interests and to represent business opinions to their own government. The committees with South Korea and China dispatched various missions in consultation with the government departments. A six-man committee with Mexico was set up when Japanese business and government wanted to respond efficiently to the Mexican government's interests in exporting oil to Japan. The committee organised missions to Mexico to discuss the matter in detail with the Mexican government. Through the business cooperation committees, the Japanese government could also consult with business on how economic cooperation with a particular country should be conducted.

With China and the Soviet Union, business committees were regarded by the Japanese government as legitimate
bodies for dealing with Japan's overall economic relations with the countries. When government-to-government agreements were reached, the presence of the committees helped to mobilise commercial relations quickly. The contents of agreements and detailed plans for projects were discussed at the sub-committees that were formed on issue and commodity bases. On the other hand, when government-to-government relations were tense, the committee's diplomatic activities were also kept low key. Instead, communication channels were kept open at an individual level, which did not formally represent the Japanese business community as a whole.

The missions to and the committees with developed countries aimed to exchange views on bilateral economic relations and worldwide economic problems. The Japanese side was disappointed when the members of the counterpart committee were not capable of representing the nationwide business community of the country. Committees with developed countries were not involved in the policy formulation and implementation process as much as committees with developing and socialist countries. The function of the committees for unifying members' interests was not particularly significant either.

The Japanese business community also established multiple channels of communication towards developed countries in order to respond to specific issues. Business cooperation committees and peak business organisations in close consultation with the Japanese government organised special missions (such as import
promotion and investment missions) that aimed to conduct actual business dealings. A number of committees were also created at the state level (such as the case with the United States) and on a commodity basis (such as the case with the EEC).

Through the operation of business cooperation committees and other forms of private economic diplomacy, Japanese business leaders were able to extend their personal networks with foreign businessmen and government leaders. Ushiba mentioned that attending committee meetings with the counterpart groups or joining economic missions presented Japanese business leaders with opportunities to expand contacts with foreign business leaders, politicians, bureaucrats and lobbyists. These networks could be eventually utilised for their own business dealings.

DEVELOPMENT OF AUSTRALIA'S PRIVATE ECONOMIC DIPLOMACY

The AJBCC had a somewhat higher profile in the business community in Australia compared with the relative obscurity of the JABCC in Japan. The AJBCC was the first body to represent Australian business across sectors to another country. The development of business cooperation committees in Australia was largely influenced by the success and reputation of the AJBCC. Currently CAI provides secretarial services for 17 different bilateral and multilateral business committees and councils.

There were two phases in the development of business cooperation committees in Australia. The first phase lasted from the mid-1960s to the early 1970s. Several committees modelled on the AJBCC were established on Anderson's initiative. However, only a few of them (such as the annual conference between ACMA and New Zealand manufacturers and a committee with Indonesia) have been continuously active.

The second major phase began in the mid-1970s when existing committees were re-activated and new ones established with administrative backup from the International Division in ACMA (and CAI). In the 1980s, a wide range of committees was created: Papua New Guinea in 1981, the USSR in 1984, Fiji in 1986, India in 1986, Saudi Arabia in 1986, Thailand in 1987, Malaysia in 1988
and the Australia-France Industry Roundtable started in 1982. At the end of 1988, the Australia-South America Business Council was set up.  

The degree of government commitment, growing Australian business interests overseas, and motivation of peak business organisations were significant factors in the development of Australia's private economic diplomacy over time. The evolution of mechanisms in peak business organisations for conducting private economic diplomacy was a particularly important factor in the development. The first section of this chapter will concentrate on the first phase, focussing on the direct impact of the AJBCC on the creation of other business committees. The second phase will be examined in the next section. The third section will address how the development of business cooperation committees was influenced by the structure of Australian business organisations.

The AJBCC Model

Shortly after the establishment of the AJBCC, Anderson tried to establish similar committees with Singapore/Malaysia, Korea, Ceylon, Indonesia and New Zealand. Of these, only the committees with Indonesia and the Manufacturers' Conferences with New Zealand have operated continuously. The processes by which all of these committees were organised clearly shows that the

AJBCC served as a model. The weight of Anderson's initiatives resulted in a general bias towards manufacturers' interests in the objectives of these committees.

The first attempt to create another international business committee was undertaken in 1965. Edward Warren (President of the AJBCC) visited Malaysia and talked with Malaysian businessmen about the possibility establishing an Australia/Malaysia Committee. At that time, Anderson was also considering the creation of committees on Germany, Canada, and Ceylon. It was proposed that the mode of operation of these committees would all be similar to that of the AJBCC.

Not all ACMA members were necessarily in favour of ACMA's commitment to international business committees. The most crucial matter was their operating costs. It had always been stressed that the committees should be self-financing. As previously noted, consideration of the secretarial costs of these committees was a major factor in the creation of an International Division in ACMA. In 1965, a recommendation on business cooperation committees was submitted to the Executive Committee by the Charter Committee in ACMA. The recommendation stated:

That international committees of this kind affect the interests of manufacturers and it is desirable in most instances for ACMA to


3. Correspondence, 7 June 1965, and 13 April 1964, CAI Records, Z187, Box 117.
initiate their formation and seek to control them by servicing them;

That committees as they are formed should be placed on a self-financing basis;

That strong ACMA representation is desirable initially but gradually should be withdrawn down to say two members;

That membership be by invitation only and that in the formative stages ACMA should retain control over the right of invitation;

That these committees are best serviced from one central place and that ACMA, with support from State Chambers, is well suited for this purpose;

That the Director be given authority at the appropriate time to call a meeting of Australians interested in forming an Australia/Malaysia Committee;

That proposals for the formation of further Business Cooperation Committees (including a New Zealand Committee which could be discussed in Wellington next month) be agreed to in principle but subject to the final approval in each instance of the ACMA Executive.  

As this recommendation shows, Anderson supported the promotion of the business cooperation committees by stressing the benefits for manufacturers. In the case of the Australia/Malaysia Committee, it was argued that:

Australian exports could consider a Business Cooperation Committee with Malaysia as an "offensive" type of Committee -- the region's markets providing considerable scope for determined future export sales inroads; Australia, of course, being more industrially developed.  

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5. Background Agenda Note for the meeting to consider formation of Australia/Malaysia Singapore Business Cooperation Committee, 5 February 1969, CAI Records, Z187, Box 79.
This is a noteworthy contrast to the case of the AJBCC in which the 'safeguard' aspect of the operation was emphasised. In seeking the possibility of setting up an Australia/Ceylon Committee, investment opportunities for Australian business was the main consideration. 6

Furthermore, Anderson clearly thought that the operating style of the AJBCC as a bilateral business committees was a good model. He stressed that this style could bring various benefits, such as informal contacts with decision-making executives from both Australia and the concerned country, personal contacts amongst businessmen from both countries, and open discussions in order to obtain clearer insights into customs and long-term economic prospects. 7 Anderson claimed:

It [setting up business cooperation committees] is certainly a logical and effective approach to expanding inter-company trade, encouraging overseas capital investment, cutting through "red-tape" and promoting joint ventures, licensing arrangements, etc. Accordingly, we could strongly favour the establishment of an Indonesia/Australian Business Cooperation Committee to operate on lines similar to that of the AJBCC and the PBEC. 8

As a result of Anderson's strong initiatives, the committees with Malaysia/Singapore, and South Korea were

6. Memorandum to State Chambers from ACMA, 30 May 1966, CAI Records, Z187, Box 117.

7. Background Agenda Notes for the meeting to consider formation of Australia/Malaysia Singapore Business Cooperation Committee, 5 February 1969, CAI Records, Z187, Box 79.

8. Correspondence, 12 February 1971, CAI Records, Z196, Box 45.
launched, and annual joint meetings with New Zealand manufacturers started. However, the activities of these committees were not very significant. The Australia-Malaysia/Singapore Business Cooperation Committee was launched in February 1969 and the constitution for the committee was a modified version of the AJBCC constitution. In the following year it was announced that the operation of the committee was unsuccessful. The Australian committee received a letter from the Singaporean side stating that 'the response for setting up a Singapore-Australian Association is far from enthusiastic'. The Australia-Korea Business Cooperation Committee held its first joint meeting with the Korean counterpart in 1969 but it did not have continuous support from either side. Further operation of the committee had to wait until 1977 after the committee was reactivated.

The case of New Zealand was rather unique in terms of specifying the details of a trade agreement. The committee with New Zealand started from exchanges of delegates between ACMA and the New Zealand Manufacturers Federation (NZMF) for their annual conferences in the late 1950s. Even in this case, ACMA at first expected


10. Record of proceedings of the meeting to consider establishment of the Australia-Malaysia/Singapore Business Cooperation Committee, 5 February 1969, CAI Records, Z187, Box 79.


a committee resembling the AJBCC. Indeed ACMA suggested that the NZMF hold a joint meeting similar to the AJBCC/JABCC joint meetings. When the Secretary of the Wellington Manufacturers' Association visited Canberra in 1964, ACMA explained how the AJBCC operated. The agenda of the first joint meetings between ACMA and the NZMF was similar to the AJBCC/JABCC joint meetings. The issues on the agenda of the meeting included the current economic situation, international trade, overseas investment, and development of Australia-New Zealand relations.

After the New Zealand Australian Free Trade Agreement (NAFTA) came into effect in 1966, the annual joint meeting generally concentrated more on discussing the details and problems of NAFTA. It is clear that the emphasis of the ACMA/NZMF joint meetings was shifted from general across-the-table discussions to specific discussions on issues relating to NAFTA. In fact, the joint meetings came to be called NAFTA meetings. Later,

13. When the New Zealand Trade mission visited Canberra in 1963, ACMA outlined a suggestion to form an Australia-New Zealand Business Cooperation Committee. The NZMF did not immediately respond to the proposal, but suggested that it would be better to leave it until after the Free Trade Agreement was concluded. The initiative for the free trade area between Australia and New Zealand was taken by New Zealand, because of the trade imbalance between the two countries. [Refer to note for filing, CAI Records, Z187, Box 32.]


15. Agenda for the joint meeting between ACMA and the NZMF, 7 - 8 September, 1969, CAI Records, Z187, Box 32.
a new form of Business Council between Australia and New Zealand containing members from a wider range of industries, the Australia-New Zealand Business Council, was established.

In the early 1970s, the committees with Indonesia and China were launched. The Australia/Indonesia Business Cooperation Committee (AIBCC) was established in November 1971 during a visit to Australia of the Indonesian Minister for Economic Finance and Industry.¹⁶ The AIBCC organised seminars on Indonesia every year between 1972 to 1975, but its activities were not extended further. The part-time secretariat was located in Sydney and it was carried out by a company on a contract basis.¹⁷

The committee with China was first considered in 1971 and was founded in early 1973. Before 1975, its secretariat was located in Melbourne, and ACMA was not involved in providing any secretarial services. It is worth noting that at the AJBCC/JABCC joint meetings in 1972 and 1973, trade with China was put on the agenda at the AJBCC's request. It seems that the Australian business community was seeking an introduction to China.¹⁸ A goodwill mission of Australian businessmen to

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¹⁸. A former executive staff member of Nissho recalled that the Australian side requested discussion of how Japan-China trade had been progressing, what direction Chinese policy was going, and Japan's policy on seikei bunri (separation of politics and economics). [Personal interview, 13 March 1987,
China was organised in 1974 at the invitation of the Chinese government. Compared to other committees, the ACBCC had more practical purposes such as organising missions and obtaining visas for Australian businessmen, who found difficulty in dealing with China individually in the 1970s.\textsuperscript{19}

In short, ACMA promoted the creation of various business cooperation committees but the attempts were not very successful. Only in the case of New Zealand did the operation of the meetings meet with the satisfaction of members. Before analysing why the establishment of other committees was not successful, it is necessary to discuss why ACMA, and Anderson in particular, was so enthusiastic about these committees.

Anderson acted as an organisational entrepreneur in the process of creating various committees. He saw the benefits and novelty of across-the-table discussions with foreign business circles for Australian manufacturers as a result of his experience with the AJBCC. He wrote that: 'The Australia-Japan Business Co-operation

\begin{quote}
Tokyo.] At these meetings, Mr. McGuinness (the first President of the Australia-China Business Cooperation Committee) also presented papers on Australia's relations with China.
\end{quote}

19. The main purpose of the ACBCC was 'to promote two-way trade with China by arranging missions to China and receiving missions from China, to promote economic co-operation and to foster friendship and understanding between the business communities of Australia and China'. The committee was to provide information to members, circulate articles on China, and assist them in obtaining visas to China. [Background information, 1 February 1977, CAI Records, Z196, Box 33.]
Committee set up in 1963 has, to a large extent, solved many initial difficulties and prepared a smooth channel down which the last five years' expanded trade growth has flowed'.

His arguments on the necessity for the Australia-Malaysia/Singapore Business Cooperation Committee demonstrated his expectation of benefits for business resulting from personal contacts among businessmen, as well as from unofficial talks with the government officials. He was also concerned that Australia needed channels of communication with foreign businessmen. In his letter promoting the creation of the Australia-Indonesia Committee, he said: 'As you know, ... after countries have been quick to acknowledge the wide-spread benefits of personal businessman to businessman contact... The Japanese have established a further twelve such forms since 1965 -- major ones with the US, the Soviet Union, Korea, and France'.

In addition, Anderson appears to have been involved in the establishment of business cooperation committees in order to strengthen his reputation as a lobbyist familiar with international business affairs as well as to serve manufacturers' interests.

Yet these high expectations of the committees highlighted by Anderson also limited their value. One reason why the committees did not operate successfully


lies in the values that favoured manufacturers' interests. Because ACMA was a representative body for manufacturers, priority was given to their interests. Therefore, ACMA was not particularly inclined towards coordinating the various interests of different sectors in the business community. Creation of the committees was not based on a long-term perspective of Australia's foreign economic policy, but on the immediate interests of manufacturers. The lack of government commitment to promoting trade in this period also affected the prospects for creating business cooperation committees. There was not much consultation between Australian business and government on promoting trade in the context of Australia's foreign economic policy. For instance, some members of the ACBCC criticised the lack of Australian government assistance in obtaining information from Beijing. 

Secondly, the proposed committees resembled the AJBCC model too much. Every committee proposed by ACMA was expected to have a counterpart committee in the country concerned and to hold annual joint meetings with it. The activities of the committees that actually formed were more focussed on maintaining and extending contacts with the foreign business community and government officials than on exchanging information or unifying views among Australian businessmen or government officials. As various Japanese committees exemplified,

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22. Correspondence, 23 May 1975, CAI Records, Z196, Box 33.
business cooperation committees could have different objectives and forms depending on the political and economic situation of the country concerned and on their own country's overall interest in the counterpart country. The JABCC represented only one form of business cooperation committee.

Furthermore, Australian businessmen expected more practical benefits from participating in the committees. They were not prepared to make too much effort to form a committee that would not assist their business directly. Unless the concerned country had strong potential commercial interests for Australian business, or the committees could provide specific services for the sake of members' business interests, it was difficult to organise a collective approach to a certain country amongst business leaders. The creation of the business cooperation committees in general was not regarded as a practical exercise in order to draw immediate business profit, and therefore it was difficult to obtain wide support among business. Thus the secretariats of business cooperation committees sought appropriate services to attract members. Through the operation of various committees, members of the committees questioned whether the dispatch of missions and joint meetings of the committees were meaningful in terms of expanding their business dealings in the country in question.

The question of establishing a common secretariat for various international business committees was raised among the AJBCC members as well as ACMA members. The
main concern of ACMA was administration costs and at the same time, links between ACMA and the various committees. This issue was discussed several times at the ACMA Board meetings in 1972 after Anderson's retirement as Director-General of ACMA. ACMA decided to approach the Australian Chamber of Commerce (ACC) in 1973 to discuss the possibility of setting up joint facilities and activities. But the ACC's counter proposal to ACMA's submission was not acceptable to ACMA, so the establishment of joint facilities for international activities between ACMA and ACC did not materialise. In 1975, joint administration of the AJBCC (PBEC), ACBCC and AIBCC was discussed among the presidents of the three committees and the Director of ACMA. In June 1975, it was agreed that an International Division in ACMA would be established and that administration and establishment costs of the division should be charged in an agreed proportion to the committees including AJBCC (PBEC), ACBCC, AIBCC and the newly formed Australia-Philippines Business Cooperation Committee (APBCC). In the second phase of the development of business cooperation committees, the presence of this division facilitated the creation and administration of various other committees.

23. Associated Chambers of Commerce of Australia (ACCA) was renamed to ACC in 1972.


25. Memo to the Presidents of the AJBCC (PBEC), AIBCC and ACBCC from ACMA, 11 June 1975, CAI Records, Z196, Box 33.
Business Cooperation Committees in CAI

In the latter half of the 1970s, several business cooperation committees were created or re-activated. After the International Division was set up in ACMA and ACMA was transformed into CAI, CAI tended to gain legitimacy in the administration of private economic diplomacy by the business community. It is worth mentioning that the business cooperation committees that were launched in the 1960s and the 1970s (except PBEC) were all targeted at Asian countries. This indicates that business cooperation committees were expected to be tools for familiarising Australian businessmen with commercially potential but culturally different countries. In the 1980s, the number of business cooperation committees administered by CAI increased and their geographical scope was extended beyond the Asian-Pacific region. This can be interpreted as the outcome of entrepreneurial activities of CAI administrative staff in providing more services to attract members for the development of the organisation.

The Australian government recognised the growing importance of these committees and made a greater commitment to their establishment. The government's commitment was found, for example, in the process of creating the ASEAN/Australia Business Council (ASEAN/ABC) and reactivating the Australia-Korea Business Cooperation Committee (AKBCC). The Australian government also agreed
that the channels of communication between the private sector and foreign business communities should be unified, and that coordination among existing bodies was desirable for this purpose.

The establishment of the ASEAN-Australia Business Council exemplified the struggle by CAI to establish its legitimacy amongst the business community in the conduct of international affairs. The use of organisational entrepreneurship illustrates the process by which CAI staff members tried to centralise the secretarial services of the committees and expand their activities. The creation of the council also involved commitment by the Australian government to the establishment of communication channels with foreign countries through the private sector.

The Australian side took the initiative to create a businessmen's committee between Australia and ASEAN. Around 1977, CAI began to pay attention to the US and Japanese business approaches to ASEAN. CAI obtained a written report from the Chamber of Commerce of the United States on the prospects for an ASEAN-US Business Council and a report on Japan's involvement in the Confederation of Asian Chambers of Commerce and Industry (CACCI). In November 1978, the Director of CAI wrote a letter to the Secretary-General of the ASEAN Chamber of Commerce and Industry (ASEANCCI) to suggest the formation of links between the two organisations.

26. CAI Records, Z196, Box 60.

27. Correspondence, 27 November 1978, CAI Records, Z196, Box 60.
In Australia, existing business groups struggled to gain legitimacy as formal channels of communication between the business communities of Australia and ASEAN. The presence of several different groups that were seeking formal links with the business community in ASEAN caused confusion in the Australian business community and government. Businessmen associated with the Australia-Malaysia Chamber of Commerce (AMCC) and the Australia-Indonesia Chamber of Commerce (AICC)\(^{28}\) were heavily involved in the formation of the Australia-ASEAN Consultative Committee. CAI, on the other hand, was rather cautious about this involvement.\(^{29}\) In 1979, CAI proposed organising monthly discussions between senior staff from the diplomatic missions of five ASEAN countries and senior CAI staff. This proposal was suggested to the Ambassadors and High Commissioners from ASEAN countries as well as the Australian Department of Foreign Affairs.\(^{30}\)

The Australian government supported the idea of setting up a businessmen's committee on ASEAN. At the Australian-ASEAN Forum in 1978 (which was the governmental level forum started in 1974), the possibility of setting up links between the private

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28. Both chambers were organised by Tom Clout (who can be characterised as an organisational entrepreneur) and formed in the mid-1960s. Neither of them, however, had a counterpart organisation.

29. Note for file, CAI Records, Z196, Box 60.

30. Correspondence, 4 April 1979, CAI Records, Z196, Box 60.
sectors of Australia and ASEAN was discussed.\(^\text{31}\) The Australian government representatives to ASEAN countries also kept open contacts with the ASEANCCI, and information was exchanged between CAI and Australian diplomats and Trade Commissioners to the countries concerned.\(^\text{32}\) In December 1979, the ASEANCCI Council meeting agreed to establish a dialogue with Australia. In June 1980, the first ASEAN-Australia Business Conference was held and ratified the creation of the ASEAN-Australia Business Council (ASEAN/ABC).\(^\text{33}\)

Formation of a legitimate channel between the private sectors of Australia and ASEAN was also supported by the Australian government. The Australian Foreign Minister Peacock wrote that 'any formal business association between Australia and the ASEANCCI must provide for a wide representation of legitimate (emphasis added) Australian commercial interests in the field of trade and investment'.\(^\text{34}\) However, organising a legitimate channel was not an easy task. In February 1979, an informal meeting was held among the representatives of existing bilateral business groups,

\(^{31}\) Joint Press Release of the Forum in Canberra in October 1978 said: 'The Forum supported moves towards the early establishment of formal links between CAI and ASEANCCI. [See CAI Records, Z196, Box 60.]

\(^{32}\) Correspondence, 13 November 1978, 17 July 1979, 14 August 1979 and 19 December 1979, CAI Records, Z196, Box 60.

\(^{33}\) Note of Meeting, 27 May 1980, CAI Records, Z196, Box 60.

\(^{34}\) Correspondence, 5 March 1979, CAI Records, Z196, Box 60.
such as AMCC, AICC, the Australia-Indonesia Business Cooperation Committee (AIBCC) and the Australia-Philippines Business Cooperation Committee (APBCC), in order to seek ways to set up an Australia-ASEAN Consultative Committee.\(^{35}\) Cooperation between CAI and the AMCC and the AICC on the formation of a unified body towards ASEAN, however, was not successful, and relations between the two bodies became rather antagonistic.\(^{36}\) The Foreign Minister suggested that ACC should also be involved in the links with ASEAN, and discussion on this issue took place between CAI and ACC.\(^{37}\)

At the same time, the Australian government initiated a review of the links between Australian private sectors and ASEAN countries. In November 1979, Foreign Minister Peacock set up a working group to prepare a report on Australia's non-governmental connections with ASEAN countries. The working group contained representatives from CAI, the government and academia.\(^{38}\) The report of the working group referred to

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35. Minutes of the informal meeting, 12 February 1979, CAI Records, Z196, Box 60.

36. Correspondence, 28 February 1979, 2 March 1979, 5 March 1979, CAI Records, Z196, Box 61.

37. Correspondence, 3 April 1979, and 4 April 1979, CAI Records, Z196, Box 60.

38. Correspondence, 19 December 1980, CAI Records, Z196, Box 60.
the complementarity between government policies and private links with ASEAN, and the significance of the government's commitment. It also emphasised the benefits for the private sector of having a unified front in dealing with ASEAN countries. It was reported that:

The Working Group:

a) noted with approval the growing private sector links between Australia and ASEAN; and, to the extent that these links complemented and supported Government policy initiatives towards the region; considered that they should continue to be given support and encouragement by the Government;

b) considered that the formation of the ASEAN-Australia Business Council was an important and possible step in the development of private sector relations, and had the potential to complement governmental initiatives to expand mutually-beneficial commercial and economic links with the region.39

The report concluded that:

It is clear that the issue raised present somewhat of a dilemma. There is undoubtedly no easy section to the problems evident, but it is clear that if the Australian private sector is to have unified front, and voice, (emphasis added) some action is warranted. Any further fragmentation of private sector relations with ASEAN can only lead to a lessening of the overall impact and a failure to achieve original objectives.40

In 1984, the confusion of different organisations was raised again at the Executive Committee of the ASEAN/ABC and the possibility of promoting greater

40. Ibid.
coordination among existing private sector organisations was discussed. But the report presented before the meeting concluded that: 'Whilst the development of an umbrella arrangement would meet this objective and bring obvious benefits, given the significant difficulties in implementing such an arrangement, it seems appropriate to regard the proposal as more of a longer term objective'.

After a few years of operation, the significance of the ASEAN/ABC in terms of assisting Australian business in ASEAN countries came into question. Despite the conclusion of the Executive Committee of the ASEAN/ABC in 1984 that 'there was little justification in establishing formal bilateral committees with Malaysia, Thailand, Singapore and Brunei', a business council with Thailand was launched in 1987, and in 1988 one with Malaysia was set up. This move was fostered by the Australian members of the ASEAN/ABC, because the members realised that the council was too bureaucratic and involved too many

41. 'Agenda item for the Executive Committee Meeting', 15 February 1980, CAI Records, Z196, Box 30.

42. Ibid.

43. Report attached to the agenda item for the Executive Committee Meeting, 15 February 1984, CAI Records, Z196, Box 30.

When the ASEAN/ABC was launched by CAI in 1980, there were guarantees given to the AIBCC and the APBCC that the ASEAN/ABC would not perform any of the functions that the existing committees might perform. It was thought that the establishment of the ASEAN/ABC might disturb the activities of the bilateral committees because of overlapping members and functions. [Correspondence, 9 April 1980, CAI Records, Z196, Box 61.]
organisations. For the purpose of introducing themselves to counterpart business circles and extending personal networks for seeking potential business opportunities, contacts through the bilateral relations committees were regarded as more effective.\textsuperscript{44} After the creation of two councils (with Thailand and Malaysia), the membership of the ASEAN/ABC was extended to all the members of the bilateral committees with ASEAN countries, including the committees with the Philippines, Indonesia, Malaysia and Thailand. An extra membership fee for the ASEAN/ABC was not required.

The process of establishing the ASEAN/ABC showed CAI's involvement in the conduct of private economic diplomacy through business cooperation committees. CAI, as the representative of a wide range of sectors and the peak business organisation in Australian business, claimed that it was a legitimate body to maintain formal channels with the private sectors in ASEAN countries. The government's commitment was another factor. The government became more aware of the importance of channels between private sectors as a complement to government policies and came to support the formation of those channels through a legitimate body.

The activation of the Australia-Korea Business Cooperation Committee (AKBCC) was also initiated mainly by the Australian government. The AKBCC was launched in 1969 and the first joint meeting with the Korean side was held in the same year. However, after the first meeting,  

\textsuperscript{44} Personal interview, 30 August 1988, Canberra.
the operation discontinued. The initiative for reactivating this committee was taken by the Korean delegates to the Australian side at the PBEC meeting in Kyoto in 1974.\textsuperscript{45} The ACMA meeting agreed on the reactivation of the AKBCC in principle and a working committee was established\textsuperscript{46}, but no actual step was taken. The Australian government supported the move, and the reactivation of the AKBCC was raised at the government-to-government meetings.\textsuperscript{47} At first, ACMA did not show much enthusiasm for this proposal. At the time, the formation of the International Division in ACMA was still underway. The Director wrote to the Minister for Overseas Trade and discussed issues relating to the reactivation.\textsuperscript{48} After the establishment of CAI, in 1978 the AKBCC was formed with new membership, and since then annual joint meetings have been held.

In the 1980s, the number of business cooperation committees under the auspices of CAI substantially increased. The expanding interests of Australia's

\begin{enumerate}
\item Correspondence, 14 July 1979, and 28 July 1975, CAI Records, Z187, Box 28.
\item Correspondence, 16 April 1975, CAI Records, Z187, Box 28.
\item Memorandum, 17 November 1977; Joint communiqué of the 7th Korea-Australia Trade Ministers Meeting, 18-19 March 1976, Canberra, CAI Records, Z187, Box 28.
\item The Director wrote that most Australian companies involved with Korea were either exporters of commodities or imports of relatively small amounts of consumer merchandise. These firms did not give balance to the Korean committee, whose potential membership was substantially large trading houses or large industrial enterprises. [Correspondence, 3 June 1975, CAI Records, Z187, Box 28.]
\end{enumerate}
business in various foreign countries was a reason for the increase in the number of committees. Furthermore and more importantly, CAI was committed to the establishment of these committees. This can be explained by 'organisational entrepreneurship' by staff members of the International Division of CAI for the survival and development of the Division.

Roles of Organisational Entrepreneurs in the Development of Australia's Private Economic Diplomacy

The significant role of 'organisational entrepreneurs' in the establishment of business cooperation committees in Australia is related to how Australian business organisations are structured for representing business interests. In Australia, the roles of individual business lobbyists are significant in representing business opinions. Business lobbyists speak for particular industries as part of their services, and often act as 'organisational entrepreneurs' in forming and maintaining business organisations. Unlike the Japanese case, business organisations are not centralised and they compete with each other. 'Organisational entrepreneurs' seek adequate services to attract members and maintain their organisations.

Indeed there are many Australian business leaders speaking for Australia's economy as a whole, which is beyond their own private business interests, but they do not often utilise their status in business organisations to publicise their views. They have their own contact
channels with governments.

This structure of business representation applies in the case of representing the business community to foreign countries, as well as in the domestic political process. Thus the structure affects the way in which Australia's private economic diplomacy is conducted.

Representation of business interests in Australia

When the 1961 Japanese goodwill mission suggested setting up business cooperation committees between Australia and Japan, the Australian business community did not have a mechanism to represent the entire business community to a foreign country. Domestic interests represented in private economic diplomacy were divided between rural and mining interests on the one hand, and manufacturers' interests on the other.\(^{49}\) The AJBCC was launched as a result of the competition between ACMA (concerned with growing Japanese exports to Australia and supported high tariffs) and ACCA (in favour of expanding trade between Japan and Australia and against high tariffs) to act as the main body administering the AJBCC. The mining companies at that time were competing with each other in selling their products to Japan, and did not have a body representing their unified views to Japan.\(^{50}\)

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49. Rix argues that 'business was far from united' in its relations with Japan in the early 1950s. [See Alan Rix, *Coming to Terms*, Allen & Unwin, Sydney, 1986, p.216.]

50. This is observed, for example, on the issue of lifting the embargo on iron ore exports to Japan. The Japanese steel mills negotiated with the
Even ACMA which provided administrative backup for the AJBCC and other business cooperation committees, did not have a strong basis as a peak organisation of manufacturers. According to Loveday, bodies like ACMA (and CAI and others like them) 'do not have power to control affiliates and subordinates'. Matthews, too, pointed out that state branches of the manufacturing sector were powerful in their own right and the associations sometimes lacked a single spokesman at the national level. Nevertheless, ACMA was still regarded as the 'king' of pressure groups based in Canberra until the late 1960s. From the end of the 1960s, however, ACMA weakened its position as a peak organisation at the federal level.

In 1977, CAI was formed as a peak business

Australian mining companies collectively. On the other hand, Australian business leaders from mining companies made personal contacts individually with political leaders in order to change government policies, rather than approach them collectively. Big mining companies approached Japanese mills competitively and also lobbied political leaders individually to obtain their support. [See Chapter IV.]


52. For example, its position was challenged by the strengthening of the Australian Industries Development Association (AIDA) and the establishment of other various manufacturers' associations in Canberra for secretarial and lobbying services. Neither AIDA nor ACMA became identified as national spokesmen for manufacturers. [See T.V. Matthews, 'Australian pressure groups', H. Mayer and H. Nelson (eds), Australian Politics, Longman Cheshire, Melbourne, 1980, pp.451-452; Leon Glezer, Tariff Politics, Melbourne University Press, Melbourne, 1982, pp.237-242.]
organisation from the amalgamation of ACMA and the Australian Council of Employers' Federation (ACEF).\textsuperscript{53} The degree to which CAI represented the Australian business community was not as large as Keidanren in Japan. Matthews pointed out that 'there are some important omissions from its membership: these include the Australian Mining Industry Council, the Australian Chamber of Commerce, the Heavy Engineering Manufacturers' Association, the Federal Chamber of Automotive Industries, the AIDA and the Australian Finance Council'.\textsuperscript{54} Spokesmen for the organisation were often executive administrative members, not business leaders who held a high position in the organisation.

The establishment of the Business Council of Australia was a new phenomenon in terms of its membership (individual business executives from big companies, but not corporations or business associations), and its representation (by executive members but not by executive staff). The council was established from the amalgamation of the Business Round Table and the AIDA

\textsuperscript{53} Matthews argues that: 'The merger of the two associations can largely be interpreted as a joint exercise in organizational maintenance', which was challenged by other industry associations. [See T.V. Matthews, 'Business associations and the state, 1850-1979', in Brian Head (ed.), State and Economy in Australia, Oxford University Press, Melbourne, 1983, p.120.

\textsuperscript{54} Matthews, 'Business associations and the state', p.122.
after the National Economic Summit Conference in 1983. McEachern argues that the organisation of the National Economic Summit Conference 'made it imperative that something be done about the fragmented character of business organization', and the role of 'independents were institutionalised in the formation of the Business Council of Australia'. He concludes, however, that the formation of the Business Council of Australia did nothing to overcome the division in the political representation of business, although the formation gave 'big business a much more organized presence in the political system'.

Hence, in the Australian business community, it is difficult to find a group of businessmen that falls into the category of zaikai-jin, who are successful businessmen as well as executive members of peak business organisations, and who can speak for the entire business community through their organisations. Opinions of

55. McEachern noted that there was tension between the firms that were active in CAI and the other large firms in the process of selecting representatives from business at the National Economic Summit Conference. When the Australian government announced that it would hold a tripartite National Economic Summit Conference in 1983, CAI 'was accorded the role of organizer for the private sector representatives at the Summit'. But, 'on the whole, "independents" [invited by the government to the Summit] were drawn from larger firms than those politically active through the CAI and its delegation'. [See Doug McEachern, 'Corporatism and business responses to the Hawke government', Politics, vol.21 no.1, 1986, p.20.]


57. Ibid.
business leaders were not often represented through peak business organisations, although some business leaders in Australia found themselves speaking for Australia's economy as a whole. A study by Higley (et al.) shows that many business leaders, especially the leaders of the largest corporations, were doubtful about the strength of pressure group influence.\textsuperscript{58} Glezer also pointed out in his study of tariff politics that 'the association was not usually the primary political mechanism for the dominant firms. They had their own channels to the decision-makers, and the association formed a second string'.\textsuperscript{59}

Some Australian business leaders got involved in public activities by being appointed as members or chairmen of advisory bodies to the government or of committees that were set up by public inquiries by the government.\textsuperscript{60} In these instances, business leaders were chosen for their leadership skills, not just to represent

\begin{itemize}
\item \textsuperscript{58} Higley et al., Elites in Australia, Routledge & Kegan Paul, London, 1979, p.192.
\item \textsuperscript{59} Glezer, Tariff Politics, p.227.
\item \textsuperscript{60} These business leaders included, for instance, James Vernon (General Manager of CSR Ltd) as the Chairman of the Committee of Economic Enquiry (appointed in 1963), R.G. Jackson (General Manager of CSR Ltd) as the Chairman of the Committee to Advice on Policies for Manufacturing Industry (1974), S.B. Myer (Chairman of Myer Emporium Ltd) as the Chairman of Ad Hoc Working Committee on Australia-Japan Relations (1977), R.G. Jackson, Arvi Parbo (Chairman of Western Mining Corporation), and R. Carnegie (Chairman of CRA Ltd) as Chairmen of Consultative Committee on Relations with Japan (commenced in 1978).
\end{itemize}
Roles of organisational entrepreneurs

Without organisational backup, it was difficult for individual business leaders to organise collective action by business community vis-a-vis foreign countries in response to important issues in Australian foreign economic relations. On the other hand, the administrative staff of business organisations were in a position to organise business cooperation committees by providing secretarial services. When they found a demand in business circles for opening up communication channels with foreign countries, they approached potential members with a list of benefits and services that they would provide.

Anderson as Director of ACMA was strongly committed to the creation of business cooperation committees. As previously pointed out, he saw the successful operation of business cooperation committees as an opportunity to strengthen his reputation as a business lobbyist leading ACMA and serving manufacturers' interests. At the same time, it seems that he wished to increase his domestic and international reputation as an organiser of communication channels between Australian and foreign business communities. His dual interests, however, were

61. Matthews also argues that: 'many of the advisory bodies do not entail the formal recognition and integration of interest groups. Instead, members are appointed in their personal capacities, not as interest group representatives'. [See, Matthews, 'Business associations and the state', p.143.]
not always complementary, and caused dissatisfaction among members both from non-manufacturing and manufacturing sectors in the operation of business cooperation committees. Furthermore, his bias towards manufacturers' interests limited the functions of the business cooperation committees that he initiated as instruments of private economic diplomacy.

Staff members of the International Division of CAI, which was originally set up in ACMA in 1975 and transferred to CAI with its establishment, were also committed to the creation of various business cooperation committees and wanted to develop the division by increasing secretarial services. Struggle between CAI and committees led by Tom Clout (including AMCC and AICC) was one such an example. The International Division also increased the legitimacy of CAI as a peak business organisation representing the Australian business community vis-a-vis foreign countries. Particularly when CAI's position in the business community became a little shaky\(^\text{62}\), attracting members became a serious concern for

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\(^{62}\) From the early to mid-1980s, CAI's position as a peak business organisation became shaky owing to the establishment of the Business Council of Australia, the reorganisation of the Victorian Chamber of Manufactures into the Australian Chamber of Manufactures and the integration of the New South Wales body with it, and the resignation of the Metal Traders Industry Association (MITA) from the membership of CAI.

In fact, in May 1989, reorganisation of CAI was reported. At the final stage of writing this thesis, CAI is moving its head office from Canberra to Melbourne and appears to be concentrating its activities on industrial relations. A newspaper article comments that: 'The moves by both the CAI and the Chamber of Manufactures [amalgamation of New South Wales Chamber of Manufactures into Australian
staff members of CAI. The secretarial services provided by CAI for various international committees were unique compared with other organisations\(^63\), and raised the image of CAI as an 'international' organisation. Furthermore, since the International Division was self-funded, successful operation of a number of business cooperation committees and expansion of their activities were crucial for the survival of the division.

In a situation where a number of business organisations are competing with each other, providing adequate services for members is crucial for the maintenance of an organisation. An organisational entrepreneur (and staff appointed by him) needs to provide services to convince members that their membership fees are worthwhile. In this sense, designing specific services (such as setting up a business cooperation committee with a particular country) for members who have specific interests (such as those who are interested in business with the country) for the return of membership fees is a natural method for staff members to undertake. In order to provide a stable financial basis for staff members, relatively permanent

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\text{Chamber of Manufactures based in Melbourne in 1988] appear to be a revision to the pre-CAI days', when the two peak organisations, ACMA and ACEF coexisted. [The Australian Financial Review, 8 May 1989. Also see Sydney Morning Herald, 8 May 1989.}]

\(^63\). CAI now provides secretarial services for 17 international committees. On the other hand, the ACC, for instance, provided secretarial services only to the National Committee of the CACCI, and to the Taiwan-Australia Association.
operation of a business cooperation committee is desirable. Consequently, setting up ad hoc committees and abolishing them in accordance with problems arising in Australia's foreign economic relations is more difficult. Thus private economic diplomacy conducted by business organisations tends to lose flexibility in terms of responding quickly to critical economic issues at times.

Moreover, these committees are not capable of adjusting diverse business interests among members or unifying divided opinions because organisational entrepreneurs (and staff members) are supposed to satisfy members interests. Business leaders, on the other hand, cannot take initiatives to conduct private economic diplomacy by utilising the staff capability of business organisations, or publicising their views on economic relations with particular countries through business cooperation committees unless they can obtain agreement from other members of the organisations.

The government did not rely on business organisations for consultation about problems in foreign economic relations and government policies. The Australian government became interested in establishing closer links with business circles in the 1980s in order to improve Australia's economy. The organisation of an Economic Summit in 1983 encompassing government, trade union and business representatives reflected this interest. The establishment of the Business Council of Australia after the Summit facilitated closer
consultation between business and government. However, areas of concern of the council have not extended to foreign economic issues.

Collective approaches among Australian business through business cooperation committees have been regarded basically as vehicles for individual companies to seek potential business opportunities. Unlike some committees in Japan, no committee in CAI carried out business projects (such as various development projects in Siberia and in Mexico) or programmes (such as technical assistance programmes for South Korean and Chinese industries). Australian committees were not organised in order to foster cooperation among members or consultation between the committee and the government, and their activities were not coordinated. In other words, the operation of business cooperation committees as instruments of Australia's private economic diplomacy is largely for the purpose of advancing individual business interests.
ROLES AND IMPACT OF THE AJBCC AND THE JABCC

The activities of the AJBCC and the JABCC are assessed in this chapter from two perspectives: their functions as organisations representing business (including interest group functions and functions serving members' private business interests); and the impact each committee had on the development of private economic diplomacy. Operational differences in administration between the AJBCC and the JABCC are also addressed as this very much reflected their respective roles and impact. In addition, this chapter argues that the way in which private economic diplomacy was developed and conducted differed markedly between Australia and Japan, and this determined how business cooperation committees (including the AJBCC and the JABCC) were created and administered.

Assessment of the JABCC

Functions as an organisation representing business

Compared with other business cooperation committees in Japan, particularly those with Soviet Union, China, South Korea and Mexico, less emphasis was given to interest group functions in the overall operation of the JABCC. Some business cooperation committees, including those with China, South Korea and East European
countries, were financially supported by the Japanese government and maintained formal communication channels with it. There were a number of programmes operated by the committees (such as various Siberian development projects, setting up a detailed plan based on long-term trade agreement between Japan and China, and a training scheme to assist Korean engineers) which were an integral part of Japan's foreign economic policy implementation. Some committees organised special missions and/or sub-committees to deal with specific matters with governments and business business communities of the countries in question.

The political functions of the JABCC were kept low key. Formal communication channels between the committee and the Japanese government were not established. Companies needed less government financial support to set up projects in Australia than in developing and socialist countries. All business with Australia was at a commercial level. The JABCC raised government-to-government issues at the joint meetings (such as the conclusion of a tax agreement, a cultural agreement, and a treaty of commerce, navigation and friendship), but close consultation on these issues between the committee and government was not undertaken.

The influence of the JABCC on the Australian policy process was insignificant. When the Labor Party came to power in Australia in 1972, the JABCC stated that Japanese business was apprehensive about its new economic policies, particularly 'resource nationalism'. However,
no requests for policy changes were actually made. If there were diverse opinions within the Australian community about issues impacting on Australia-Japan relations, the JABCC did not become involved. The opening of Japanese banks in Australia was one such issue. Although the JABCC strongly supported the opening of banks, it quickly dropped the issue when the AJBCC reacted negatively at the joint meetings. There were other Australian government policies on trading, (for example, import tariffs and quotas, export licencing, restriction on investment, and uranium mining), which were of concern to the Japanese business community. These issues also caused division among Australian business circles, and the JABCC regarded them as areas where the Japanese business community could not interfere. The JABCC simply expressed Japanese opinions in the papers presented at joint meetings.

There was only one case where a Japanese business organisation did make a submission to an Australian government inquiry. When the Australian government proposed a White Paper on policies for Australian manufacturing industry in 1976, the Japan Chamber of Commerce and Industry, Sydney (JCCIS) was invited to present a submission. The submission was drafted by Nippon Steel, Mitsubishi Corporation, and Mitsui & Co. (members of the JABCC) at the request of Nissho after consultation with MITI. This matter was brought to Nissho because of the close link between JCCIS and Nissho, and also because of Nissho's involvement in the
operation of the JABCC. The draft was divided into three sections, and each section was written separately by the three companies. The submission was presented by JCCIS. Yet the submission did not make a significant input into policy decisions of the Australian government. In general, changes in Australia's policies towards manufacturing industry did not cause serious problems for the Japanese economy.

The JABCC did not play an important role in unifying business interests vis-a-vis the Japanese government, the Australian government or the Australian business community. There were no formal mechanisms to unify members' views in the administrative operation of the JABCC. For example, there was no executive committee system in the JABCC or general meetings among members except a preparatory meeting for the coming joint meeting. Issues that needed the adjustment and coordination of big business (such as the coal import issue in the late 1970s) were discussed within Keidanren. Nor did the JABCC represent the view of Japan's industries directly to the Australian government or the Australian industries concerned. Instead, individual industries such as cotton textile exporters and the car industry sent delegates to Australia to deal directly with problems. For example, Nanseikai, an organisation representing the interests of Japanese cotton textile

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1. Correspondence, 17 May 1976; Submission from the Japan Chamber of Commerce and Industry, Sydney to the Minister for Industry and Commerce, 3 June 1976; Memorandum, 30 June 1977; in JABCC files, no classification number is available.
exporters to Australia, undertook collective action to influence Australian policies in order to protect the interests of Japanese exporters. Nanseikai played an essential role in adjusting domestic interests by practising orderly marketing of cotton textiles to Australia.

The Australian side perceived the JABCC to be unified. The papers presented by the JABCC at the joint meetings often referred to the common problems that Japanese business had in conducting business with Australia. This unity can be explained by the fact that many members of the JABCC were business leaders who also participated in other business cooperation committees and other types of committees under the auspices of peak business organisations. They were generally familiar with Japan's overall economic problems. JABCC members fully utilised joint meetings to express Japanese opinions.

The JABCC did not provide special services to attract members to join apart from organising joint meetings with the AJBCC. The committee also organised receptions for Australian leaders visiting Japan. These meetings did play an important role in providing opportunities for Japanese business leaders who were not familiar with Australian business to meet representatives from the Australian side. A Japanese business leader who led an economic mission to Australia in 1965\(^2\) said that

\(^2\) This mission was dispatched by the Ministry of Foreign Affairs to investigate the potential of the Australian market for Japanese exports of heavy and chemical industry products. The leader reported
Japanese producers were at a disadvantage because they were not well known compared to American, British and European producers. He stressed that in order to increase Japan's exports to Australia, Japanese manufacturers should establish direct contacts with the Australian business community instead of relying on trading companies for communicating with the Australian counterpart.\textsuperscript{3} In this sense, attending the joint meetings of the JABCC and the AJBCC was the first step for Japanese business leaders to introduce their companies to Australian business leaders.

Maintaining and extending the personal contacts of business leaders by attending these meetings was an important incentive for companies to take out membership. In the case of JABCC, members supplied incentives themselves by getting together to exchange information, discuss problems, work out differences or devise plans for concerted action\textsuperscript{4} through the joint meetings with the AJBCC.

**Role in the development of Japan's private economic diplomacy**

The creation of the JABCC was part of the process of expanding communication channels between the Japanese

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3. 'Keizai shisetsudan dancho zadankai', *Keizai to Gaiko*, no.477, 1966, pp.4-5.

business community and foreign countries from the late 1950s to the early 1960s. Australia was regarded as a supplier of natural resources, iron ore in particular, as well as Japan's export market. The interest of Japan's steel industry in Australian iron ore was responsible for the collective approach to the Australian business community. However, the established committee, the JABCC, represented the Japanese business community at a higher level (zaikai level). After a formal avenue of communication between the two business communities was opened up by the goodwill mission of 1961, the issue of iron ore purchase was left in the hands of the steel industry. The JABCC became the organisation to handle general issues in Australia-Japan economic relations.

From the late 1960s, securing the supply of natural resources became a more serious concern in Japan's foreign economic relations. The term 'resource diplomacy' (shigen gaiko) was used to emphasise this policy concern. Japanese companies' involvement in overseas mine exploration was supported as a more reliable method of securing natural resources than concluding long-term contracts. The Japanese government dispatched various economic missions to investigate what mechanisms and government support were necessary for Japanese companies to get involved in overseas exploration. Australia was certainly regarded as a reliable supplier of natural resources. Three missions were dispatched to Australia by the Japanese government in order to investigate the possibility of Japan's
involvement in mineral exploration in Australia (in 1967 MITI dispatched a mining mission to Australia and the Philippines; in 1971 the Ministry of Foreign Affairs dispatched an economic mission to Australia; and in 1972 the Ministry also organised another mission to investigate the possibility of Japanese investment in Australian mines).  

The JABCC was not involved in organising these missions. However, issues relating to the development of natural resources in Australia were given much attention at the joint meetings, and the Japanese side expressed its willingness to invest in the development of mines. At the joint meetings both sides publicised their interest in some kind of cooperation in resource development. As such, the two business communities agreed in principle to cooperate in this project.

Energy issues were also given great attention at the joint meetings. Since 1975, 'minerals and energy' or 'energy' has been set up as an independent item on the agenda at joint meetings. The discussions at the joint meetings, however, were limited in the way in which both sides expressed views on future trends and general opinions on problems and nothing in detail was ever discussed. A Coal Conference was established in 1978 in order to discuss details of the coal trade between the

two countries. At the same time, a similar conference was set up with the United States. The Iron Ore Conference also started in a similar fashion.

It is worth noting that Keidanren, not Nissho, organised a mission to Australia in 1979 on the energy issue, and set up a working group under its auspices. The energy coal trade was important for Japan's overall energy policy and even the problems of coal imports from Australia could not be discussed just as a 'bilateral' issue. Problems in coal trading also needed to be considered in terms of Japan's relations with the United States, Canada, China and other coal exporting countries. US-Japan trade relations were, as observed in the case of Alaskan coal development, of major concern. In the Japan-China long-term agreement, too, coal was one of the essential commodities. In this situation, Keidanren was a more appropriate organisation to deal with the issue than Nissho, owing to the fact that heavy industries were major members of Keidanren and that the steel industry and the electric power associations in particular were some of the most influential associations among Keidanren members. Keidanren coordinated the opinions of coal consuming industries, set up meetings for leaders of these industries, and represented the industries' opinion to government.

Japan's exports to Australia did not cause major friction in economic relations between the two countries. Towards the end of 1960s, Japan faced trading problems with developed countries like the United States and EC
countries. With Australia, Japan could maintain relatively cordial relations because Australia's natural resource exports to Japan were still growing and the trade balance was in Australia's favour.

Even against the background of Japan's immense trade surplus, there were fewer problems between Japan and Australia compared to Japan's relations with the United States and the EEC. In the case of Japan-US trade relations, the Japanese government needed the cooperation of private sectors to reduce its trade surplus with the United States. Planning the development of coal mining in Alaska and its import into Japan was one such example of the Japanese government asking the private sector to support government commitment to reduce the trade surplus problems by undertaking specific business dealings. The plan was presented to Japanese business after an agreement to develop the Alaskan mines was reached between Prime Minister Nakasone and President Reagan in 1983 after prolonged discussions about the trade imbalance.\(^6\) However, the plan was left up to Japanese commercial enterprises and the US to work out in detail, including further prospects for trading in coal.\(^7\) In relations with the EEC as well, promoting imports from

\(^6\) Despite problems that Japanese coal-consuming industries had with Australia in terms of over-supply of contracted coal and the fact that they were not enthusiastic about pursuing the development plan in Alaska, a pre-feasibility study and a feasibility study was launched. In 1988, however, Japanese companies decided not to carry out the plan. [Asahi Shinbun, 6 September 1988.]

these countries became crucial. Keidanren, in close consultation with the Japanese government, dispatched various import promoting missions to these countries.

In the 1980s, the Australian government and business community sought new business opportunities for Australia in the growing Japanese domestic market. As a result of the Australian government request to the Japanese government to assist the move, the Australia-Japan Business Forum (AJBF) and the Japan-Australia Business Forum (JABF) were created. The JABCC absorbed the administration of the JABF, although its creation was not associated with the activities of the JABCC.

In the context of Japan's private economic diplomacy, the JABCC played a role in representing the views of the entire Japanese business community (at zaikai level) towards Australia. At the joint meetings important issues between Australia and Japan were discussed. Also, the issues raised by the JABCC were often determined by the Japanese business community's concern with Japan's overall economic relations, which were, in turn, crucial to Japan's foreign economic policies. Yet the JABCC did not actually undertake any follow-up action, nor coordinate business interests with government policy except in the case of administering the JABF. Solutions to problems were basically left in the hands of related companies or the industry associations.

The presence of the joint meeting system encouraged leaders of different industries to publicise Japanese views towards the Australian business community
especially when they faced severe criticism of Australian business. Both in the case of the 'dumping' of Japanese cars and the sugar dispute, Japanese leaders of the relevant industries were persuaded to go to the joint meetings. The leaders explained the situation in their industries and expressed their opinions directly to the meeting in opposition to criticisms from Australian business circles.

The JABCC thus had two major roles: to promote person-to-person contact; and at the appropriate time, to express opinions of the Japanese business community to Australian business leaders. Consequently agenda items of the joint meetings covered a wide range of issues. The opinions expressed by the AJBCC were often in conflict with the JABCC and vice versa, which caused both committees to concentrate on 'expressing concern' rather than issuing joint resolutions. The large agenda also created a shortage of time to discuss specific matters. Instead of a special task force being set up among the members of the JABCC and the AJBCC, related industries set up separate conferences such as the Japan-Australia Coal Conference and the Japan-Australia Iron Ore Conference. The Conferences were held regularly around the time when the AJBCC/JABCC joint meetings were held.

The JABCC's role in the context of Japan's private economic diplomacy was limited in terms of firstly, developing internal mechanisms (such as a sub-committee system and organising special missions) to deal with specific issues; secondly, working jointly with the
AJBCC to solve the problems at hand (for example, playing mediating roles for industries of the two countries in disputes); thirdly, being involved in government policy making and implementation; and fourthly, influencing Australian policies.

There are a number of reasons that explain these limitations. In the first place, the JABCC had a counterpart committee, the AJBCC, and the JABCC's activities were strongly affected by the interests represented by and the operation of the AJBCC. The degree of the AJBCC's impact on the Australian business community and the political process to some extent limited the JABCC's influence on the Australian political process. Neither ACMA nor CAI (the umbrella organisation of the AJBCC) was capable of organising effective collective action by the business community to deal with problems in overall Australian foreign economic relations. Having a counterpart committee that was not a government agency tended to place emphasis on organising joint meetings and discussing general problems in economic relations between the two countries. This feature of the JABCC's activities resembled those of the committees with the United States and Canada.

Another limitation revolved around Nissho's domination of the administration of the AJBCC (which reflected Nagano's initiative in originally setting it up). As shown in the case of energy issues, Keidanren was a more appropriate body to deal with issues that related to Japan's overall economy and needed the
coordination of domestic business interests. On the other hand, Nissho was a more suitable body to work on behalf of medium and small sized firms. In this respect, Nissho was an appropriate secretariat for the JABF, which was established in order to seek new opportunities for Australian business in the Japanese market. The new business connections that the Australian side were looking for in the Japanese market were not necessarily with big business.

Finally, the Japanese government did not really need to be involved in commercial relations between Australia and Japan. In the case of setting up big projects in developing countries, Japanese business needed collective action to obtain the Japanese government's approval for the projects to be undertaken alongside 'economic cooperation' with the government's financial assistance. Also when Japanese business was negotiating with foreign governments for setting up projects and arranging payment, consultation with the Japanese government was inevitable. Furthermore, when trade friction was affecting Japan's overall foreign relations with the country in question, the Japanese government had to rely

8. Through foreign investment promotion programmes, Nissho undertook investigation of local investment environments and acted as a mediator for prospective partners on behalf of Japanese small and medium sized enterprises interested in joint ventures and technical cooperation projects abroad. Nissho and local chambers assisted in holding investment seminars in various cities for their member companies when foreign missions visited Japan for this purpose. [See Japan Chamber of Commerce and Industry, Its Organisation and Activities, Tokyo, 1984, p.4.]
on business connections to help overcome the problem.

It is important to realise that the Japanese business community utilised peak business organisations in various ways to conduct private economic diplomacy. Peak business organisations did not administer missions and business cooperation committees for the purpose of attracting members for the sake of the development or survival of the organisations. On many occasions the peak business organisations cooperated with each other to organise seminars and to consult with the government. Organisational resources, such as staff members, financial resources and facilities were also shared among various committees. In both Nissho and Keidanren, groups of staff members jointly looked after several committees. Some business cooperation committees did not require membership fees and the cost was covered by the general budget of the section. The creation and discontinuation of a committee on a specific issue or a specific country was often carried out without changing the numbers of administrative staff. Resource-sharing among various committees facilitated the creation and discontinuation of committees, depending on the issues involved and changes in the political climate of the particular country. Furthermore, resource-sharing meant that there could also be a great deal of information-exchange and the coordination of approaches.

Business cooperation committees in Japan did not necessarily have counterpart bodies unlike the Australian committees, nor did they hold regular meetings. Some
committees did not meet unless important issues arose. Moreover in Japan, an ad hoc committee on a specific country or on a specific issue was often set up and dismantled at the request of business leaders. For instance, when the business community was concerned with securing supplies of steaming coal, special committees on Chinese coal and Australian coal were set up in Keidanren at the same time. And when lowering coal imports became a crucial issue after the oil price went down, the committees were amalgamated into a new committee concerning overall energy issues.

The JABCC was the major avenue of communication publicising the views of the Japanese business community towards the Australian business community. Papers presented at joint meetings reflected the major concerns of Japan's foreign economic relations and its expectations towards Australia. Yet the committee did not develop mechanisms to solve problems, or to influence the Japanese government and the Australian government apart from exchanging opinions at the joint meetings.

Assessment of the AJBCC

Functions as an organisation representing business

In comparison with other business cooperation committees, the AJBCC was regarded as a policy-orientated committee. Its membership contained senior businessmen from major Australian companies, and many of them were regarded as important business leaders in Australia.
The AJBCC developed formal channels for consulting with the government through meetings with the Interdepartmental Committees on Japan (IDCJ) and regular briefings before and after the AJBCC/JABCC joint meetings. When Anderson was Director-General of the AJBCC, he, personally, was a channel of communication between the AJBCC and the government departments and Ministers. His position as a well-known lobbyist assisted this role. The AJBCC however, did not undertake collective action to influence government policy on Australia-Japan relations. The committee did not present a submission to the government inquiry on the development of Asian studies in Australia or the inquiry on Australia's relations with Japan. The committee, as a group, never made a public statement, except one case when a Press Release was issued on the issue of the conclusion of the Treaty of Friendship, Commerce, and Navigation with Japan. Here the statement supported government policy.

The significance of the AJBCC in the political process was the opportunity it provided for individual business leaders to speak for Australia's policies towards Japan. The fact that a business leader had direct contacts with Japanese business leaders and participated in discussions with them at the joint meetings often gave legitimacy to that leader's views on issues related to Japan. Most of the business members of the Consultative Committee on Relations with Japan (CCRJ) were in this position. Promotion of Japanese studies in
the 1960s was also brought to the Australian government by business leaders who were members of the AJBCC and believed in the importance of these studies. They devoted much of their own personal time in promoting their ideas, and utilised fully their executive positions in the AJBCC to obtain the support of the business community and the government.

Through consultations with the AJBCC, the Australian government could expound its own views and sound out those of business leaders on whether its policy towards Japan had the general support of business circles. Furthermore, even without formal consultation, the government could interpret the silence of business circles as their agreement with the policy direction.

The major activity of the AJBCC was holding joint meetings with the JABCC. The AJBCC members regarded more seriously the discussions at the joint meetings than JABCC members. The AJBCC members were concerned that the joint meetings were not run effectively in terms of placing important subjects on the agenda, Australian members not being familiar with issues discussed in the Australian papers, and keeping enough time to discuss issues with the Japanese side. On some issues, the AJBCC represented the government views to the Japanese side. Some papers presented at the joint meetings were actually prepared by government officials. The AJBCC passed the Australian government responses on to the Japanese side, for example, on a tax agreement, immigration policy, opening foreign banks in Australia, a treaty of
friendship, commerce and navigation, and policies on foreign investment.

In the early stages, diverse interests between manufacturers and the mining sector caused some problems in representing a unified AJBCC voice towards Japan. Members from the mining sector were very critical of protectionist views and were most concerned that the Australian side was not unified towards the Japanese side. Manufacturer's interests were strongly represented through Anderson's commitment particularly on Australian tariff issues. The proportion of manufacturers among the AJBCC members, however, decreased towards the end of 1960s. As Tsokhas points out, manufacturers felt that Anderson compromised their interests by agreeing with AJBCC members representing other sectors.9 In the early 1970s, under the Chairmanship of Vernon, many members from the mining sector were invited to join, and from the late 1970s members from the financial sector and other service sectors (including consulting) increased.

The increase in members from the financial and service sectors, which was related to the extension of these areas of business in Australia-Japan commercial relations, indicates that the AJBCC has been providing channels for new members to introduce themselves to potential business partners in Japan. For long-term members too, the joint meetings provided opportunities to reinforce business relations through meetings with top level representatives of counterpart companies. In fact,

extending personal connections was the main purpose of meetings.

However, in the 1980s when Japan's domestic market expanded, more day-to-day services for seeking new business opportunities were demanded. The JABCC did not provide specific services, such as supplying information about which Japanese companies would meet the interests of Australian companies that were looking for trading and joint venture partners. Also as seen in agenda items of the joint meetings, the links between the AJBCC and the JABCC remained very much grounded in traditional Australia-Japan trading relations. State chambers on the other hand extended services by providing information about business in Japan and organising missions to Japan. The Australian government, too, assisted Australian business in seeking business opportunities in Japan by establishing the AJBF. This group focussed on the interests of Australian business companies that were not trading in traditional commodities more than those of big companies that had already established firm trading relations with Japan. The establishment of other forms of communication channel between the Australian and Japanese business communities indicates that private economic diplomacy between the two countries developed at multiple levels.

Role in the development of Australia's private economic diplomacy

In the course of the development of Australia's private economic diplomacy, the establishment of the
AJBCC was a milestone. The operating style of the AJBCC introduced a new mode of conduct for private economic diplomacy by the Australian business community. This was reflected in Anderson's attempt to set up various business cooperation committees similar to the AJBCC, and in the fact that the committees created after the mid-1970s still very much resembled the AJBCC structure.

Throughout the 1970s, the necessity of closer consultation between business and government was also reflected in the operation of the AJBCC. Systematic channels for exchanging information were set up between the relevant government departments and representatives from private sectors. In the process of setting up private channels with ASEAN countries, the Australian government supported the idea that the channels should be maintained by a legitimate body of the business community.

Yet, the development of Australia's private economic diplomacy was limited in terms of its ability to adjust opposing domestic interests, and to participate in the implementation of foreign economic policy. When the activities of the Australian committees are compared to those of Japanese, the limitation becomes clearer. All the committees have a similar form to that of the AJBCC. They have counterpart committees and organise joint annual meetings. They were set up basically to provide opportunities for Australian businessmen to extend their personal networks and to seek potential business counterparts. No committee carried out major projects or
established internal mechanisms to organise the collective action of members to resolve problems that business was facing in relations with the countries of concern.

In a situation where hierarchical structures were lacking in the business community and business organisations were competing with each other, it was difficult to organise a unified position by the Australian business community vis-a-vis its own government and also foreign countries. CAI did not represent the Australian business community to the degree that Keidanren did, especially in the area of foreign economic policy. Australian business organisations tended to attract potential members by providing services in order to establish their legitimacy amongst the business community. These services were, therefore, targeted to certain groups with specific business interests, and channels of communication around general political issues were not commonly established. In CAI, for instance, there were no special committees concerned with issues of foreign economic relations and related policies on a commodity basis. Issues relating to specific commodities tended to be handled by industry associations.

The service-orientated operation of business cooperation committees made it difficult for staff members and business leaders to set up and abolish committees in accordance with problems arising out of Australia's foreign economic relations. In CAI, the
degree of resource-sharing involving staff members, financial resources and facilities among various committees was much smaller than in the Japanese case. As far as business cooperation committees were concerned, one administrative staff member was generally responsible for a particular committee. CAI did not have a mechanism for absorbing opinions held by members of various different business cooperation committees and coordinating them to take further necessary action. Furthermore, because of the competitive feature among business organisations, business organisations rarely jointly operated business cooperation committees or other forms of private economic diplomacy.

Australia's lack of centralised business organisations representing the entire business community resulted in weaker cooperation between government and the business community in formulating and implementing foreign economic policy. The new trend in the 1980s of cooperation between government, business and the trade unions was limited to domestic affairs, such as industrial relations and the restructuring of Australia's economy. The creation of the Business Council of Australia and the government's stronger commitment to the expansion of business affairs were new phenomena in the Australian political system. But closer consultation between government and business through peak organisations was not developed in the area of foreign economic relations.

For instance, the Jackson Report on Australia's
overseas aid suggested that aid programmes could be used more to service Australia's economy. The business community welcomed this direction. However, no collective approach was undertaken by business circles to government in order to set up programmes based on this finding. International committees of CAI were not particularly committed to the issue. Formal channels of consultation between the government and business organisations (or bilateral business committees) on overseas aid issues have not been established. Only the ASEAN special visits scheme operated with funds from an Economic Programme administered by the Australian Development Assistance Bureau (ADAB). Thus, in Australia, systematic channels of consultation and coordination for implementing foreign economic policies between government and business cooperation committees were not well established. The Australian government did not rely on the resources of business organisations either. Communication channels between government and business in Australia often relied on individual business leaders. By participating in a business cooperation committee, business leaders increased their qualifications to speak for Australia's

11. Personal interview, 22 April 1988, Canberra.
13. This scheme was discontinued in 1986.
14. It was renamed to Australian International Development Assistance Bureau (AIDAB) in 1987.
relations with the country by representing business views.

When the government took the initiative in dispatching missions or forming committees, the government appointed businessmen as chairmen or members representing the private sector, but the administration was kept in the hands of the government, not transferred to business organisations such as CAI. A good example of such a case is the process of establishing the Australia-Japan Business Forum (AJBF). The AJBF was the product of Australian government initiatives, and the administration of the AJBF was not transferred to the AJBCC secretariat, although the forum was started as a sub-committee of the AJBCC. With the establishment of AUSTRADE in 1986, the operation of the AJBF was taken over by AUSTRADE. A staff member of AUSTRADE commented that no business organisation in Australia represented business opinions across sectors. He also pointed out that AUSTRADE was in a better position to undertake consultation with and seek assistance from Japan External Trade Organization (JETRO), the Japanese government body equivalent to AUSTRADE.15

The establishment of the AJBCC made a great input in the development of business cooperation committees as instruments of Australia's private economic diplomacy. However, because of the structure of the Australian business community where no business organisations had legitimacy as representative bodies of the entire

15. Personal interview, 5 February 1988, Canberra.
business community and where business leaders had their own contact channels with the government without relying on business organisations, the activities of business cooperation committees tended to be more service-orientated to satisfy members' private interests. They aimed basically at facilitating individual business interests.

The operation of the AJBCC at the beginning was not an exception to this case. When the AJBCC was established, the AJBCC's services favoured manufacturers' interests because of Anderson's organisational entrepreneurship. However, because the potential of business with Japan was promising, the AJBCC could attract members without providing special services. In fact, Anderson's commitment that resulted in the bias in favour of manufacturers' interests in the operation of the AJBCC caused dissatisfaction among a number of AJBCC members. This bias towards manufacturers' interests gradually weakened from the late 1960s. Instead, the AJBCC came to represent a wider range of interests in Australia-Japan relations. Consequently the AJBCC could not respond to the diverse demands of business circles for more specifically business-orientated services, and this led to the establishment of other groups that could provide specific services. The AJBCC, however, is still regarded as a legitimate institution providing a major communication channel between the Australian and Japanese business communities.
CONCLUSION:

THE AJBCC AND THE JABCC AS INSTITUTIONALISED COMMUNICATION CHANNELS BETWEEN AUSTRALIA AND JAPAN

The AJBCC and the JABCC developed different roles and reputations. The key differences between them included their mechanisms for consulting with government and their influence in the political process, the approach each took to serving their members' business interests, and the roles that each committee played in conducting private economic diplomacy. Analysis of both Australia's and Japan's private economic diplomacy clearly shows that the style of private economic diplomacy in each case was determined by the structure of the domestic business community and the mechanisms used to represent the views of business.

Australia-Japan relations were relatively free of serious strife and the Japanese business community was able to expand its business interests in Australia without relying on government assistance. Apart from energy issues, there was no other crucial issue that needed the coordination of government policies and business activities. In these circumstances, the JABCC was not required to be an interest group pursuing influence in policy formulation, or to act as a consultative body between government and business.

Joint meetings with the AJBCC were important for
Japanese business circles for two main reasons. They introduced to the Australian side Japanese business representatives who wished to find business opportunities in Australia but who were unfamiliar with Australian business circles. They also expressed Japanese opinions about issues in Australia-Japan relations, which was also important in Japan's overall foreign economic relations and which also obtained the attention of Australian business and political circles. Actual follow-up actions were, however, undertaken by other more appropriate organisations such as Keidanren in the case of energy issues, and related companies in the case of the Coal and Iron Ore Conferences. This suggests that the Japanese business community had a flexible structure in designating appropriate organisations and methods to conduct private economic diplomacy.

The significance of the AJBCC can be seen by its impact on the institutional development of Australia's private economic diplomacy and formalisation of communication channels with government departments. Through Anderson's organisational entrepreneurship, the administrative style of the AJBCC became a model for other business cooperation committees in Australia. Peak business organisations (ACMA and CAI in particular) developed internal mechanisms to provide secretarial services for the administration of various committees. Each business cooperation committee established communication channels with the Australian government and with the foreign business community through interaction
with the counterpart committee. The creation of these committees, however, was not seen as a specific strategy for the conduct of Australia's overall foreign economic relations. Peak business organisations took the initiative in setting up committees and contacted potential members. Under the auspices of peak business organisations, no committee was established on issues that could be potentially troublesome in Australia's foreign economic relations.

Compared to other business cooperation committees in Australia, the AJBCC established legitimacy as the major communication channel with the business community of the country of concern (Japan). The committee formalised communication channels with the government, and the government sounded out the opinions of business circles about its policy direction toward Japan. Instead of representing the unified views of members, the committee increased the qualifications of individual business leaders (who were committee members) to speak on Australia's relations with Japan.

Joint meetings of the AJBCC and the JABCC were important communication channels between the two countries. The joint meetings resulted in three types of interaction. Firstly, each committee informed the other about its own government's policies and views. In all the cases (including the tax agreement, the Treaty of Friendship, Commerce and Navigation, Australian immigration policies, Australian policies on foreign investment and opening foreign banks in Australia), each
committee supported their own government's position. In this way interaction between the two committees was a kind of informal communication channel between governments.

Secondly, joint meetings provided opportunities for industries to publicise their opinions to the business circles of the other country. Neither the AJBCC nor the JABCC, however, had unified views in support of issues relating to specific industries. Industries stated their opinions at the joint meetings when they faced severe criticism, or when they found problems with trading partners, or when they were interested in projects. The two committees avoided aggravating problematic situations that arose from time to time in particular industries, and generally tried to maintain a friendly atmosphere between the two business communities.

Thirdly, joint meetings were important opportunities for individual business leaders to extend their personal contacts. Outside a meeting room, the leaders could meet leaders of their business partner, they could confirm their business relations, undertake actual business negotiations, or seek new business opportunities. Furthermore, by presenting papers at joint meetings, the leaders could strengthen their reputation among business circles of the other country as well as in their own business community.

Interactions between the AJBCC and the JABCC were limited in two respects. Firstly, the two committees did not develop joint mechanisms for solving problems that
business circles in the two countries faced from time to time, or for realising the business objectives of some members of the two committees. For example, the creation of several sub-committees (to exchange information between interested companies in joint ventures, to examine the possibility of joint development in Papua/New Guinea, and to study problems of long-term contracts) were suggested at joint meetings, but no actual action was taken to follow up these suggestions. The committees rarely organised missions or ad hoc meetings to discuss particular issues.

Secondly, the interaction between the two committees was purely among representatives of the private sector. Although each committee communicated with their own governments and exchanged information with the other committee about their government's views and policies, the committees did not organise meetings or fora where government representatives could participate in discussions. This was mainly due to the fact that business activities between the two countries could expand relatively satisfactorily without relying on government assistance. Furthermore, the committees' umbrella organisations did not represent the business community as a whole and were not in position to consult with their own governments about overall foreign economic policies. Thus, neither the Australian nor the Japanese government actively utilised the committees to develop dialogue with the other country's government or to implement foreign policies. Nevertheless, the JABCC
acted as an agent for implementing Japanese government policies for promoting imports from overseas by administering the JABF. JABCC commitment to this policy reflected the close relationship between Nissho and MITI, and Nissho's organisational character in representing a wide range of business including small and medium sized firms.

As time went by, the communication channels of the AJBCC and the JABCC became relatively less significant in the context of overall communication between the two business communities. Instead, many other channels were developed in accordance with the diversification of business interests between the two countries and increasing demands for different services. Missions and conferences organised by relevant industries, information services through local and state business organisations, and fora and missions organised by government agencies (such as JETRO and AUSTRADE) are examples of multiple communication channels between the two business communities.

The establishment of the Pacific Economic Cooperation Conference (PECC) exemplifies a new form of private economic diplomacy between Australia and Japan.¹ The conference is actually a multilateral conference².

1. In 1980 when Prime Minister Ohira visited Australia, a joint proposal was made by Prime Ministers Ohira and Fraser to organise a Pacific Community Seminar. This seminar was held in Canberra in September 1980 and succeeded to series of the Pacific Economic Cooperation Conference.

2. In 1988, PECC had seventeen member committees, including national committees of Australia, Japan, Canada, the United States, New Zealand, six ASEAN
and delegates to the conference are not only representatives from business, but also academics and government officials acting in a private capacity. Although strictly speaking not a totally business-dominated form of private economic diplomacy, the conference should still be recognised as an important trend in the development of private economic diplomacy between Australia and Japan. The establishment of PECC as an extended form of private economic diplomacy indicates that some kind of government commitment was necessary to stimulate discussion on the issues that might require policy changes.

The impact of the interaction between the AJBCC and the JABCC on political relations between Australia and Japan has remained relatively insignificant, owing partly to their purely 'private' orientation. The relative importance of communication channels between the two committees for the two business communities has also weakened compared to the time when the committees were established. Yet the AJBCC and the JABCC have developed a high reputation as groups of senior business leaders both in their own and counterpart countries. Joint meetings between the two committees have become both ceremonial and symbolic. They represent an effort or gesture towards closer economic relations between the Australian and Japanese business communities.

countries, South Korea, Taiwan, China, Pacific Island nations, the Pacific Basin Economic Council (PBEC) and the Pacific Trade and Development (PAFTAD). [See Pacific Cooperation Newsletter, no.10, winter 1987-88.]
APPENDIX 1

Business Cooperation Committees in Japan

Bilateral Committees in Keidanren

Committee on Japan-EC Relations
Japan-Canada Economic Committee
Committee on Cooperation with Indonesia
Japan-Mexico Economic Committee
Committee on Japan-EFTA Relations
Committee on Japan-Thailand Cooperation
Japan-Brazil Economic Committee
Japan-Venezuela Economic Committee
Japan-Greece Economic Committee
Committee on Cooperation with Africa
Committee on Cooperation with Asia
Japan-Algeria Business Cooperation Committee
Japan-Turkey Economic Committee

Bilateral and Multilateral Committees in Nissho

Japan-Australia Business Cooperation Committee
Japan-Argentina Business Cooperation Committee (Keidanren)
Japan-India Business Cooperation Committee
Japanese National Committee for Economic Cooperation with the Philippines (Keidanren and Doyukai)
Japan-New Zealand Business Cooperation Committee
Japan-Malaysia Economic Association (Keidanren)
Japan-Egypt Business Cooperation Committee
Japan-Spain Business Cooperation Committee
Japan-Pakistan Business Cooperation Committee
Japan-Sri Lanka Business Cooperation Committee
Japan-Chile Business Cooperation Committee (Keidanren)
Japan-Bangladesh Business Cooperation Committee
Japanese National Committee of Pacific Basin Economic Council
Japan Section, Japan-ASEAN Economic Council (Keidanren)
The Confederation of Asia-Pacific Chamber of Commerce and Industry

Bilateral Committees Organised by Keidanren and Nissho

Japan-Soviet Business Cooperation Committee
Japan-Thailand Trade and Economic Committee
Japan-Hong Kong Business Cooperation Committee
Japan-Indonesia Economic Committee
East Asia Businessmen's Conference, Japanese Committee
Bilateral Relations Committees under the Independent Office

Japan-US Businessmen's Conference
The Trilateral Commission
Japan-China Long Term Trade Committee (Keidanren)
Japan-Korea Economic Committee (Keidanren, Nissho, Boekikai)
Japan-Cuba Economic Conference (Keidanren)
Japan-DDR Economic Committee (Keidanren, Nissho)
Saudi Arabia Committee

Committee in Doyukai

Japan-ASEAN Cooperation Committee

Bilateral Committees in Sotobo
(Japan Association for Trade with Soviet Union and Socialist Countries in Europe)

Japan-Hungary Economic Club
Japan-Poland Economic Committee
Japan-Yugoslavia Economic Committee
Japan-Romania Economic Committee
Japan-Czechoslovakia Economic Committee
Japan-Mongolia Economic Committee
Japan-Bulgaria Economic Committee*

* The secretariat of the committee, which had an independent office previously, was relocated in Sotobo in 1988.

( ) : Organisations cooperated with
APPENDIX 2

Business Cooperation Committees in Australia

Business Cooperation Committees in CAI

ASEAN-Australia Business Council
Australia-China Business Cooperation Committee
Australia-Fiji Business Council
Australia-France Industrial Roundtable
Australia-India Business Council
Australia-Indonesia Business Cooperation Committee
Australia-Japan Business Cooperation Committee
Australia-Korea Business Cooperation Committee
Australia-Malaysia Business Council
Australia-New Zealand Business Council
Australia-Papua New Guinea Business Cooperation Committee
Australia-Philippines Business Cooperation Committee
Australia-Saudi Arabia Business Council
Australia-South America Business Council
Australia-Thailand Business Council
Australia-USSR Business Council
Pacific Basin Economic Council

Business Cooperation Committee in ACC

Australia-Taiwan Association
### APPENDIX 3

**Members of the AJBCC, August 1962**

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<td>Managing Director, Jantzen (Aust) Ltd</td>
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<tr>
<td>Vice-presidents</td>
<td>Mr. H.G. Ensten</td>
<td>General Manager, E.S. &amp; A Bank</td>
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<td></td>
<td>Mr. L.B. Evans</td>
<td>Managing Director, Makower McBeath</td>
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<td>Managing Director, Bradford Cotton Mills</td>
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<tr>
<td></td>
<td></td>
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<td>Members</td>
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<td>Chairman of Directors, P &amp; O Orient Line</td>
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<td></td>
<td>Sir Hutson Fysh</td>
<td>Chairman of Directors, Qantas Empire Airways</td>
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<td>Mr. W.E. Lee</td>
<td>Birt &amp; Co.</td>
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<td>Chairman, Australian Meat Board</td>
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<td>Dalgety &amp; New Zealand Loan</td>
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<td>Mr. G.R. May</td>
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<td>Sir Norman Nock</td>
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<td>Mr. A.H. Tolley</td>
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<td>Mr. T.M. Ramsay</td>
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<td></td>
<td>Mr. H.N. Herford</td>
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<td></td>
<td>Mr. R.V. Allison</td>
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<td>Mr. J.L. Forsyth</td>
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<td>Mr. W.A. Ashton</td>
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<td>Mr. J. Hornby</td>
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### Members of the JABCC, February 1963

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<td>Shigeo Nagano</td>
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<tr>
<td></td>
<td>Kogoro Uemura</td>
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<tr>
<td>Counselors</td>
<td>Taizo Ishizaka</td>
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<td>Heitaro Inagaki</td>
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<tr>
<td></td>
<td>Michisuke Sugi</td>
<td>Director, JETRO</td>
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<tr>
<td>Members</td>
<td>Shinsuke Asao</td>
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<td>President, Ishikawajima-Harima Heavy Industries Co., Ltd</td>
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<tr>
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<td>Shoichi Echigo</td>
<td>President, C. Itoh &amp; Co., Ltd</td>
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<td>Katsuhiro Fujiyama</td>
<td>President, Dai-Nippon Sugar Refining</td>
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<td>Director, The Bank of Tokyo, Ltd</td>
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<td>Yoshio Kokubu</td>
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Kimio Yokoyama  President, Yokoyama Kogyo, K.K.
Hatsujiro Yoshida  Counsellor, Daito Boseki Co., Ltd
APPENDIX 5

Members of the JABCC by Sectors

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<td>92</td>
<td>109</td>
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* Members of the goodwill mission led by Nagano
APPENDIX 6

Members of the AJBCC by Sectors

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<td><strong>Natural Resources</strong></td>
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<td>mining, processing</td>
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<td><strong>Agricultural Products (including Boards)</strong></td>
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<td>other (live stock, meat, dairy products, etc.)</td>
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<td><strong>CAL, MTIA, ACMA, State chambers</strong></td>
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APPENDIX 7

Topics of the AJBCC/JABCC Joint Meetings

1st joint meeting, May 1963, Tokyo
1. Economic situation in Australia and Japan
2. Trade between Australia and Japan
3. Technical cooperation between Australia and Japan
4. Tourism between Australia and Japan
5. EEC, the US Trade Expansion Act, and OECD

2nd joint meeting, September 1964, Canberra
1. Economic situation in Australia and Japan
2. Development and problems in Australia/Japan trading relations
3. Tourism
4. Evaluation of UNCTAD and GATT
5. Introduction of exchange system for students, tradesmen, teachers and executives between Australia and Japan
6. Taxation Agreement
7. Formation of Pacific Basin Organisation for economic co-operation and development
8. Joint ventures

3rd joint meeting, May 1965, Tokyo
1. Economic situation in Australia and Japan
2. Development of trade and problems of Australia/Japan trading relations
3. Exchange system for students, tradesmen, teachers and executives between Australia and Japan
4. Economic cooperation and formation of Pacific Basin Organisation
5. Joint ventures

4th joint meeting, April 1966, Canberra
1. Economic situation in Australia and Japan
2. Development of trade and problems of Australia/Japan trading relations
3. Exchange system for students, tradesmen, teachers and executives between Australia and Japan
4. Economic cooperation and formation of Pacific Basin Organisation
5. Joint ventures

5th joint meeting, April 1967, Tokyo
1. Economic situation in Australia and Japan
2. Development of trade and problems of Australia/Japan trading relations
3. Exchange system for students, tradesmen, teachers and executives between Australia and Japan
4. Joint ventures
6th joint meeting, May 1968, Canberra
1. Economic situation in Australia and Japan
2. Promotion of Australia/Japan trade and tariff issues
3. Tourism
4. Personnel exchange
5. Operation of the Australia-Japan Trade Agreement
6. Cooperation between business and the government in Japanese economic planning
7. Foreign investment and liberalisation of business activities
8. Possibility of Japanese importation of Australian rural products

7th joint meeting, May 1969, Tokyo
1. Economic situation in Australia and Japan
2. Policies and effects of the Australian and Japanese Tariff systems
3. Tourism
4. Personnel exchange
5. Market for imported manufactured goods in Australia
6. Market for imported rural products in Japan
7. Rising trend of Australia/Japan trade
8. Capital systems in Australia and Japan
9. Management/labour relations

8th joint meeting, May 1970, Kyoto
1. Economic situation in Australia and Japan
2. Promotion of Australia/Japan trade
3. Monetary and foreign exchange system
4. Improvement in sea freight
5. Promotion of business links between Australia and Japan
6. Tourism
7. Personnel exchange

9th joint meeting, May 1971, Canberra
1. Economic situation in Australia and Japan
2. Economic trends in Australia and Japan, 2 - 5 years
3. Development of mineral resources
4. Possibilities of joint ventures in manufacturing industries
5. Marine transportation
6. Tariff policies
7. Promotion of tourism
8. Personnel exchange

10th joint meeting, April 1972, Kyoto
1. Economic situation in Australia and Japan
2. Australia/Japan trade
3. Australia's trade outlook
4. Trade barriers in the 1970s
5. Evaluation of Chinese market (off records)
6. Attitudes of businessmen towards China (off records)
Joint ventures
Pollution
Tourism
Personnel exchange

11th joint meeting, May 1973, Melbourne
1. Economic situation in Australia and Japan
2. Implications of the enlargement of the EEC for trade of both countries; Treaty of Friendship, Commerce and Navigation
3. Capital inflow and overseas investment policy in Australia
4. Recent development of world economy
5. Trade with China and the Soviet Union (off records)
6. Possibility of cooperation between Australia and Japan in development of Papua New Guinea
7. Tourism
8. Personnel exchange
9. Shipping

12th joint meeting, May 1974, Tokyo
1. Economic situation in Australia and Japan

Group 1
2. Development of world trade, monetary policies and energy policies

Group 2
3. Australia-Japan relations in trade and investment

Group 3
4. Business-government relations in Australia and Japan
5. Tourism
6. Personnel exchange
7. Activities of the AJBCC/JABCC, past, present and future

13th joint meeting, September 1975, Perth
1. Economic situation in Australia and Japan

Group 1
2. Minerals and energy

Group 2
3. Rural products
4. Tourism
5. Personnel exchange
6. Shipping

14th joint meeting, October 1976, Nagoya
1. Economic situation in Australia and Japan
2. Okita-Crawford Report
3. Foreign investment in Australia
4. Industrial relations in Australia and Japan

Group 1
5. Minerals and energy

Group 2
6. Rural products and manufactured commodities
7. Personnel exchange

15th joint meeting, October 1977, Brisbane
1. Economic situation in Australia and Japan
2. Foreign investment in Japan
3. Industrial relations in Australia and Japan
4. Relations with ASEAN and other countries in Asia

Group 1
5. Minerals and energy

Group 2
6. Rural products and manufactured commodities
7. Personnel exchange
8. The Australia Japan Foundation
9. Tourism

16th joint meeting, October 1978, Osaka
1. Outlook for the Australian and Japanese economy

Group 1
2. The steel industry in the world
3. Energy
4. Non-ferrous metals

Group 2
5. Rural products
6. Japan's domestic trends in food consumption, population, growth and food distribution systems in Japan
7. The manufacturing industry
8. Air and sea freight between Australia and Japan
9. Long-term contracts
10. Australia-Japan relations and ASEAN countries
11. Personnel exchange
12. Basic Treaty of Friendship and Cooperation

17th joint meeting, October 1979, Melbourne
1. Outlook for the Australian and Japanese economy

Group 1
2. Future prospects of the steel industry
3. Non-ferrous metals
4. Energy: Uranium, LPG, Steaming coal
6. Bulk chemicals and resources for chemicals
Group 2
7. Rural products: wool, dairy products, grain, sugar, meat, foodstuffs
8. Forest-based industries

Combined groups sessions
9. Long-term contracts
10. The manufacturing industries
11. Automobile industries
12. Australia-Japan in the Western Pacific
13. Tourism
14. Personnel exchange

18th joint meeting October 1980, Tokyo
1. Outlook for the Australian and Japanese economy
2. The Pacific Basin Concept: the role of Australia/Japan

Combined group sessions
3. Outlook of energy demand in Japan
4. Uranium, Australian resources supply and development policy
5. Australia's energy goals and development policy
6. Human relations in Australian enterprises
7. The problems in investment in Australia
8. Shipping
9. Personnel exchange

Group 1
10. Steel industry prospects
11. Non-ferrous metals

Group 2
12. Rural products
13. Foodstuffs
14. Forest industries

19th joint meeting, October 1981, Sydney
1. Outlook for the Australian and Japanese economy
2. Australia's policy on investment
3. Japanese investment in Australia

Group 1
4. Outlook for the Japanese steel industry and its raw materials
5. The manufacturing industry
6. Energy commodities: opportunities and constraints
7. Japan's energy demand
8. Cooperation for development of alternative energy of oil
9. Non-ferrous metals

Group 2
10. Australia-Japan trade in rural products
11. Processed foodstuffs; wool; wine; wheat, barley and malt; meat; dairy products
Combined group session
12. Improved social and cultural relationships between Australia and Japan
13. Shipping
14. The position of Australia and Japan in the world economy at the end of the century and the implications for the Pacific
15. Personnel exchange
16. Tourism

20th joint meeting, October 1982, Kyoto
1. Outlook for the Australian and Japanese economy
2. Change in the energy situation and outlook

Group 1
3. Steel industry, raw materials
4. Energy commodities -- opportunities and constraints
5. Non-ferrous metals
6. Manufacturing industry in Australia

Group 2
7. Australia/Japan trade in rural products: meat; malt; wheat, barley and sorghum products; wool; wine; canned fruits; sugar; dairy products; forest products

Combined group session
8. Australia-Japan in world environment
9. Communication -- the satellite age
10. Australian industrial relations and commodity exports
11. Japan's investment in Australia and financial cooperation
12. Tourism
13. Personnel exchange
14. Transport
15. Concept of PEC

21st joint meeting, October 1983, Melbourne
1. Outlook for the Australian and Japanese economy

Group 1
2. Energy commodities
3. Steel industry - raw materials
4. Non-ferrous metals
5. Australian manufacturing industry

Group 2
6. Australia-Japan trade in rural products: meat; malt; wheat, barley and sorghum; sugar; forest products; dairy products; wine; wool; grain

Combined group session
7. Outlook for world trade
8. Current situation and outlook for information
industry
9. Japan's import policy
10. Economic, trade and foreign investment policies of the Australian Labor government

11. Financial cooperation outside the banking industry
12. PEC concept
13. Personnel exchange
14. Transport
15. Tourism

22nd joint meeting, October 1984, Tokyo
1. Outlook for the Australian and Japanese economy
2. World trade and the new round in GATT

Group 1
3. Energy commodities
4. Steel industry -- raw materials
5. Non-ferrous metals
6. Manufacturing industry in Australia
7. Communication industry and high technology

Group 2
8. Rural products
9. Personnel exchange
10. Tourism
11. Transport

13. Financial cooperation between Australia and Japan
14. Outlook for PEC concept

23rd joint meeting, October 1985, Sydney
1. Outlook for the Australian and Japanese economy
2. Australia and Japan in the world economy

Combined group sessions
3. Australia-Japan trade in natural resources
4. Rural products
5. Policy responses to trade restraints
6. AJBF/JABF
7. Transport
8. Manufactured products
9. High technology
10. Concept of PEC
11. Tourism

12. Financial deregulation and its influence
13. Personal exchange
Appendix 8

Membership of the Consultative Committee on Relations with Japan (CCRJ)

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<th>Year</th>
<th>Public Service Members</th>
<th>Private Sectors</th>
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<td>1978</td>
<td>N.F. Parkinson (Foreign Affairs)</td>
<td>Sir R.G. Jackson - Chairman (Chm. of CSR)</td>
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<td>N.S. Currie (Industry &amp; Commerce)</td>
<td>R.D.G. Agnew (Chm. Agnew Clough Ltd)</td>
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<td>D.H. McKay (Primary Industry)</td>
<td>Sir John Crawford (ANU)</td>
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<td>J.O. Stone (Treasury)</td>
<td>S.B. Myer (Chm. Myer Emporium Ltd)</td>
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<td>A.J. Woods (Nat. Devel. &amp; Energy)</td>
<td>P.I. Nolan (Sec. ACTU)</td>
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<td>G.J. Yeend (P M &amp; Cabinet)</td>
<td>K.C.O. Shann (Chm. PSB)</td>
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<td>R.T. Kirby (Company Director)</td>
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<td>#* Sir Arvi Parvo - Chairman (Chm. Western Mining Corp.)</td>
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<td># D.A. Asimus (Chm. Australian Wool Corp.)</td>
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<td>J.R. Bennet (Coal &amp; Allied Ind.)</td>
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<td>S.F. Crean (Fed. Sec. Storeman &amp; Packers U.)</td>
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<td>1983</td>
<td>P.G.F. Henderson (Foreign Affairs)</td>
<td>*Sir Roderick Carnegie - Chairman (President, Buis.Coun. of Aust.)</td>
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<td>T.P. Hayes (Industry &amp; Commerce)</td>
<td>*A.W. Coates (O'Connell St. Assoc. Pty Ltd)</td>
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<td>L.P. Duthie (Primary Industry)</td>
<td>*W.L. Dix (Mang. Dir. Ford Motor Company)</td>
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<td>J. Scully (Trade &amp; Resources)</td>
<td>The Hon. D.A. Dunstan</td>
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<td>J.O. Stone (Treasury)</td>
<td>*M.L. Newman (Chief Executive Bain and Co.)</td>
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<td>A.J. Woods (Nat. Devel. &amp; Energy)</td>
<td>P.H. Sleigh (Chm. Australia-Japan Foundation)</td>
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<td>Sir Geoffrey Yeend (Prime Minister Cabinet)</td>
<td># R.B. Vaughan (Chm. Delegety Aust. Holdings)</td>
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# AJBCC members
*Appointment expired
APPENDIX 9

List of Interviewees

Biggs, Mr T. November 1987, Melbourne

Davenport, Mr Ron International, CAI August 1988, Canberra

Douglass, Mr Robert H.V. March 1988, Sydney Executive Director, Potter Partners Group Ltd

Garrety, Mr John April 1988, Canberra Assistant Director, International, CAI

Gough, Mr John B. March 1988, Canberra Managing Director, Pacific Dunlop Ltd

Hayashi, Mr Toshiichiro March 1987, Tokyo Counsellor, Mitsubushi Co.

Douglass, Mr Robert H.V. March 1988, Sydney Executive Director, Potter Partners Group Ltd

Garrety, Mr John April 1988, Canberra Assistant Director, International, CAI

Gough, Mr John B. March 1988, Canberra Managing Director, Pacific Dunlop Ltd

Hayashi, Mr Toshiichiro March 1987, Tokyo Counsellor, Mitsubushi Co.

Henderson, Mr W.J. February 1988, Sydney Chief Executive, Chamber of Manufactures of New South Wales

Hiramatsu, Mr Mikio April 1987, Tokyo

Hirota, Mr Koji February 1987, Tokyo Deputy Director, Books & Publications, The Nihon Keizai Shimbun

Horie, Mr Shigeo March 1987, Tokyo Chairman, Bank of Tokyo

Imai, Mr Katsuichi March 1987 (on the phone) Energy and Industry Affairs, Keidanren

Jackson, Sir R. Gordon June 1988, Canberra Chairman, Australian Industry Development Corporation

Kagawa, Mr Akira May 1987, Sydney September 1987 (on the phone) Director, Raw Materials, Nippon Steel Australia Pty Ltd

Kai, Mr Fumihiko April 1987 (on the phone) Former Ambassador to Australia

Kinbara, Mr Kazuyuki March 1987, Tokyo International Economic Affairs, Keidanren

Kobayashi, Mr Nobuo April 1987, Osaka Nanseikai

Kodama, Mr Kiichi February 1987, Tokyo Manager, International, Nissho
Madigan, Sir Russel
Chairman, Muswellbrook Energy & Minerals Ltd
March 1988, Canberra

McIntyre, Mr Douglas P.
November 1987, Melbourne

McLennan, Sir Ian
BHP Gold Mines Ltd
October 1987, Melbourne

Mekata, Mr Eizo
Counsellor, Mitsui & Co. (Australia) Ltd
May 1987, Sydney

Mori, Mr Eiichiro
Planning & Coordination, Mitsubishi Corporation
March 1987, Tokyo

Nagy, Mrs Noeline
Project Manager, Japan/Korea, AUSTRADE
February 1988, Canberra

Nakamura, Mr Hitoshi
International, Nissho
Jan. and Feb. 1987, Tokyo

Narita, Mr Toyoo
Manager, International, Nissho
January 1987, Tokyo

Nukazawa, Mr Kazuo
Director, International Economic Affairs, Keidanren
January 1987, Tokyo

Ochiai, Mr Bob
Director, General Affairs, Mitsui Co. (Australia) Ltd
May 1987, Sydney

Okihama, Mr Mamoru
Assistant Director, Sugar Refinery Association
April 1987, Tokyo

Saito, Mr Shizuo
Former Ambassador to Australia
March 1987 (on the phone)

Sakamoto, Mr Yoshiyuki
Secretary-General, International Chamber of Commerce Japan
January March 1987, January 1988, Tokyo

Sasaki, Mr Masaya
Counsellor, Nissho
February 1987, Tokyo

Shiroza, Mr Kazuo
Assistant Manager, International, Nissho
Jan. Feb. 1987, Tokyo

Stocton, Mr Mark
International, CAI
August 1988, Canberra

Stubbs, Mr Keith N.
Manager, International Trade, Australian Chamber of Manufactures
June 1988 (on the phone)

Taki, Mr Takaaki
Associate Advisor, Nissho
March 1987, Tokyo
Tanabe, Mr Saburo March, April 1987, Tokyo
  President, Japan Australia Oil Shale Corporation

Watanabe, Mr Yoshimi March 1987, Tokyo
  Managing Director, Mitsubishi Research Institute Inc.

Webb, Dr April 1988 (on the phone)
  Australian Chamber of Commerce

Wing, Mr Ian February 1988, Canberra
  Manager, Japan/Korea, AUSTRADE

Yamakoshi, Mr Atsushi February 1987, Tokyo
  International Economic Affairs, Keidanren

Yokowo, Mr Kenichiro February 1987, Tokyo
  Economic Cooperation, Keidanren
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Broken Hill South Records, Box 42, Melbourne University Archives.


Sir Maurice Mawby Papers, Melbourne University Archives.

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Files held by the Japan Chamber of Commerce and Industry.

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Australia, Committee to Review the Australian Overseas Aid Program (Jackson Committee), Report of the Committee to Review the Australian Overseas Aid Program, AGPS, Canberra, 1984.


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