

# CHAPTER 1

## INTRODUCTION

### Referral of matter to Committee

1.1 On 31 March 1998, the Senate referred the following matter to the Senate Foreign Affairs, Defence and Trade References Committee for inquiry and report:

- (1) Examination of developments in contemporary Japan with respect to:
  - (a) contemporary economic conditions, including:
    - (i) the impact of low and expected continuing low growth;
    - (ii) the effect of the Asian currency crisis;
    - (iii) blockages to economic efficiency and areas of reform in the domestic economy; and
    - (iv) trading patterns and the significance of Japan's growing trade surplus in its relations with its leading trading partners;
  - (b) contemporary political changes, including:
    - (i) the changes in the major political parties, the emergence of new parties and the electoral and structural changes that are occurring;
    - (ii) the political significance and power of land-holders and farmers in influencing social and economic progress; and
    - (iii) Japan's view of itself in the world and its role in the Asian region;
  - (c) significant contemporary changes in Japanese society;
- (2) examination of the implications of the above matter for Australia.

### Conduct of the inquiry

1.2 The Committee advertised the inquiry in all Australian capital cities and in the *Australian Financial Review* on 8 April 1998 and in the *Australian* on 11 April 1998. The advertisement called for written submissions to be lodged by 12 June 1998. In addition, the Committee wrote to parties with interests or particular expertise in Japanese affairs drawing attention to the inquiry and inviting submissions. In all, the

Committee received 64 submissions, details of which are listed in *Appendix 1*. All of the written submissions were made public documents.

1.3 Public hearings were held in Canberra, Melbourne, Perth, Sydney and Brisbane over a period of seven months from February to September 1999. Witnesses were drawn from federal and state government departments, Australian and Japanese businesses, journalism and academia. Details of these hearings together with a witness list are contained in *Appendix 2*. The Hansard transcripts of evidence taken at the public hearings are contained in the Hansard Internet site ([www.aph.gov.au/hansard/](http://www.aph.gov.au/hansard/)). His Excellency, Mr Masaji Takahashi, Ambassador of Japan, and Mr Kiyokazu Ota, Minister, Embassy of Japan, kindly accepted the Committee's invitation to appear before it on 30 August 1999. This hearing took place *in camera*.

### **Structure of the report**

1.4 Because of the wide-ranging nature of the inquiry, the Committee decided that the report would be divided into two separate parts. The first report—*Japan's Economy: Implications for Australia*—was presented to the Senate on 17 August 2000. It dealt specifically with contemporary economic developments in Japan and their implications for Australia. The first report can be located on the Committee's Internet site ([www.aph.gov.au/senate\\_fadt](http://www.aph.gov.au/senate_fadt)). In this second report, the Committee deals with contemporary political and social change in Japan.

### **Scope of this report**

1.5 Although the Committee divided the report of the inquiry into two discrete documents, it could not consider economic and trade developments in a vacuum. In its first report, the Committee necessarily took into account the political and social context in which economic developments took place. Inevitably, therefore, a little duplication will occur between the two reports.

1.6 As a result of the importance of economic and trade areas in the bilateral relationship, the Committee examined a broad range of issues in these areas in some detail. However, political and social developments in Japan do not affect the relationship as directly or as significantly. As a consequence, the Committee has been more selective about the specific issues examined in this report.

### **Acknowledgments**

1.7 The Committee wishes to express its appreciation to everyone who contributed to the inquiry by making submissions, providing information or appearing before the Committee at public hearings. In particular, the Committee wishes to thank the Embassy of Japan and DFAT for their assistance during the course of the inquiry. The Committee would also like to thank Parliamentary Intern, Ms Hannah Birdsey, whose paper on the Japanese political system was used by the Committee in the compilation of this report.