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**“Japan and Australia: A Natural Partnership”**

**Ambassador Kusaka’s Address**

**At**

**National Press Club of Australia**

**\*Check against delivery\***

Mr Laurie Wilson, President of the National Press Club

Mr David Speers, Director and today’s moderator

Ladies and gentlemen, good afternoon

Thank you very much for having me here at the National Press Club to speak to you about Japan’s foreign policy, and the Japan–Australia relationship.

**Deep appreciation for Australia’s help following the 2011 earthquake and tsunami in Japan**

First of all, let me thank the people of Australia and the government for providing Japan invaluable assistance and a helping hand from 2011 when an unprecedented earthquake and tsunami struck north-eastern Japan on March 11.

Australia’s assistance was both enormous and swift.

Huge amounts of donations were given by so many Australian people and corporations.

A search and rescue team of 76 Australian men and women quickly arrived in Minamisanriku, a town severely devastated by the huge tsunami.

Out of the 4 C-17 aircrafts Australia had at that time, as many as 3 of them were deployed to Japan to transport much needed goods and equipment.

We cannot thank Australia enough.

On behalf of the government and people of Japan, and as the Ambassador of Japan, I would like to say thank you from the very bottom of my heart.

Thanks to you, the areas affected by this disaster are steadily recovering.

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*My personal connection with Australia*

I'd like to now begin by introducing my personal connection with Australia.

34 years ago, in 1981, my first overseas diplomatic posting started here in Canberra where I stayed for two years.

To this day, I remember vividly how wonderful life was in Australia, and how much I enjoyed those two years here.

This is my second posting to Australia, and I can tell you that a lot has changed since then.

I am impressed by how much Canberra has developed as Australia's capital city. There is a new parliament house as well as several other new large buildings, which were not there 34 years ago. There are also more than a few newly-developed suburbs.

But there is one thing that has struck me most since returning here, and that is how close our two countries have grown.

Our relationship has never been so robust and warm. I feel very fortunate to have been appointed Ambassador to Australia during a period of unprecedented strength in our bilateral relations. And I would like to take this opportunity to discuss just how close our relations have become.

*Japan's foreign policy*

But before doing so, please allow me to touch upon Japan's foreign policy under Prime Minister Shinzo Abe, and the current state of the Japanese economy.

70 years ago, Japan was devastated by World War II.

And Japan brought a great deal of distress to the people of Asia including Australia by its actions.

Based on this experience, the Japanese people have earnestly worked to rebuild our nation, and to build a free and democratic land that upholds basic human rights.

We walk the path of a peace-committed nation, with feelings of remorse.

Our resolve is to keep the peace and never to wage war again.

This is a resolution that Japan has taken as a peace-loving nation.

It will remain unchanged and will never sway.

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In keeping with this resolution, the objective of Japan's official development assistance is to contribute to the peace and development of the international community, and thereby help to ensure our own security and prosperity.

Taking advantage of Japan's experience as the first nation in Asia to become a developed country, we have used our resources to support Asian countries as well as others in the development of their economic and social infrastructure, their human resource development, and their institution building.

Consequently, Japan has significantly contributed to the economic and social achievements of developing countries during the post-World War II era, especially in East Asia where many areas were largely underdeveloped.

In the decade between 1991 and 2000, Japan was the world's largest donor of overseas development aid. And our country has contributed greatly to development and prosperity in the Asia-Pacific.

Japan has also been striving for peace in Cambodia, Myanmar, Mindanao, Aceh, East Timor, as well as Sri Lanka and other parts of Asia.

### Abenomics

I'd like to turn now to Japan's economy.

The Abe Government is implementing a comprehensive economic policy known as "Abenomics".

The aim of this is to bring an end to long-lasting deflation and renew the Japanese economy.

Abenomics is a three-pronged strategy that simultaneously employs (1) an aggressive monetary policy, (2) a flexible fiscal policy, and (3) a growth strategy based on structural reforms.

These measures aim to halt Japan's stagnant economic performance and provide the impetus necessary to create and sustain a strong economy.

As a result of the progress in Abenomics, the Japanese economy is now moving in a positive direction. We can see this through the following figures:

- The real GDP growth rate in the first quarter of this year ending in March was 3.9 per cent at an annual rate. The nominal growth rate of GDP is much higher at 9.4 per cent, which brings in higher than expected tax revenue for the government.

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- Corporate recovery is driving wage increases. The average wage increase for the 2015 financial year was 2.3 per cent, up from 2.1 per cent in the 2014 financial year.
- Tax revenue is up and dependency on Japanese government bonds is declining. We are on target to halve the primary deficit to GDP ratio, from negative 6.6 per cent in the 2010 financial year to negative 3.3 per cent in the 2015 financial year.

### Structural reform/Third Arrow

Now, following the monetary and fiscal policy, the most important challenge for Abenomics is the progress of the third arrow, structural reform.

This is still unfolding. But tangible achievements have already been made in this area.

We are implementing great reforms in our agriculture policy, which has been in place for decades. We are also bringing significant reforms to our agricultural cooperatives that have not changed in 60 long years.

Strengthened corporate governance in Japan is now fully in line with global standards.

Rock-solid regulations are being broken in such sectors as medicine and energy.

We are visibly changing some of our old habits to empower women so they are more actively engaged in all walks of life.

In parallel with, and based on, these domestic reforms—and to take advantage of the economic growth in foreign countries—we are promoting high-level economic partnerships.

This is to help expand trade opportunities for Japanese companies, as well as for foreign companies, including those from Australia. And to also create an environment that makes it easier for foreign investment.

### Trans-Pacific Partnership Agreement

With these objectives in mind, Japan is continuing to work towards the early conclusion of the Trans-Pacific Partnership Agreement negotiations—an ambitious agreement for free trade among participating Asia-Pacific economies.

This agreement will contribute to trade liberalisation and economic rule-making—including investment—in our region and throughout the world.

I hope it will become a game changer.

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*Japan–Australia relationship*

I would like to end here on Japan's foreign policy and move onto the relationship between Japan and Australia.

Japan and Australia are natural strategic partners. Our relationship is based on common values and strategic interests including democracy, human rights, the rule of law, open markets and free trade.

At the very core of our relationship is a clear understanding of the strategic importance Japan and Australia have to one another.

Our relationship is characterised by trust and an emphasis on long-term, mutual benefit rather than short-term gain.

Our complementary economic ties have spanned more than half a century and the close affinity between our people has provided the foundations for further bilateral cooperation.

More recently, our bilateral relationship has developed in leaps and bounds thanks to the political will of our leaders.

So much so that Prime Minister Abbott himself described Japan in 2013 as "Australia's best friend in Asia".

Japan and Australia have also reaffirmed their commitment to peace and security in the region through their alliances with the United States.

Both countries have sustained their peace and prosperity under a regional security architecture centred on the U.S., and as allies of the US. It is entirely natural therefore for Japan and Australia to strengthen their cooperation with one another amid the rapidly changing security environment of Asia.

*Trading partners*

Japan and Australia also enjoy a long and strong history as trading partners.

In 1957, Australia became the first nation to open its doors to trade with Japan after World War II. The Agreement on Commerce between Australia and Japan was signed by then-Prime Minister Kishi, the grandfather of Prime Minister Abe, and Prime Minister Robert Menzies.

And then in 1963—a few years later—the Australia–Japan Business Cooperation Committee was inaugurated, and since then the two countries have enjoyed long-standing economic and trade ties.

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For Japan, Australia is a stable and reliable source of energy and mining products, such as coal, iron ore and natural gas, as well as food products such as meat and wheat.

For Australia, Japan has provided a huge market for Australian products for many years, it provides investment in the resource sector, and is a supply source for industrial goods and products.

Although the position of Australia's principal trading partner has now passed onto China, Japan still retains its position as Australia's second largest trading partner.

And the scale of trade between our countries continues to expand.

Australia's trade surplus with Japan is the biggest among its trading partners.

In terms of direct investments accumulated into Australia, Japan is ranked third only after the U.S. and the U.K.

#### *People to people linkages*

We also enjoy dynamic people-to-people exchanges across all walks of life.

There is a high level of affinity between the people of Japan and Australia, as demonstrated through the number of Australians and Japanese participating in people-to-people exchanges.

Australia has the fourth largest number of students learning Japanese in the world.

It is also the fourth largest participant in the Japan Exchange and Teaching Programme, otherwise known as the JET Programme.

There are over 100 sister-city agreements between our countries, and more than 80,000 Japanese nationals live in Australia.

That's the third largest Japanese population outside of Japan itself only after the U.S. and China!

There are now over 300,000 Australian tourists who visit Japan annually, and about the same number of Japanese tourists visit Australia each year. The Japanese have a very good image of Australia, and I hope that Australian people have a favourable image of Japan too.

But our relations do not stop there.

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*Political cooperation between governments*

Japan and Australia recently boosted political cooperation between governments. The obvious factors underpinning this were the visits made by Prime Minister Abbott and Prime Minister Abe last year. As a result of these, relations between our two countries have been described as entering “a new era” based on our strategic partnership.

Through these visits, our two leaders also established and strengthened a personal relationship of trust and respect. There was and is an excellent chemistry between our two prime ministers.

And there were also numerous, tangible outcomes achieved during Prime Minister Abe’s visit to Canberra exactly one year ago this month.

Firstly, they agreed to meet annually, and to alternate visits between Japan and Australia. This will provide an invaluable platform for further promoting our relationship.

Secondly, the Japan–Australia Economic Partnership Agreement was finally concluded and signed by our two leaders. I happened to be the first negotiator of the agreement for Japan, so I know what a terrific achievement it was to have this finalised. Both sides displayed tremendous patience to conclude the agreement’s negotiations over seven long years til its completion. I believe this agreement will further enhance the already deep economic ties we share.

Thirdly, in the area of defence and security, our leaders have signed an Agreement on the Transfer of Defense Equipment and Technology. They also negotiated an agreement to facilitate joint operations and reciprocal exercises. This will simplify existing legal and political procedures associated with implementing defence and security cooperation activities.

Lastly, our two prime ministers reaffirmed their commitment to promoting student exchange and the development of new research and educational facilities. They expect this to engender deeper mutual understanding, particularly amongst the young people of our two countries, who will take our relations across the next generations.

*Bilateral cooperation*

Now, more than ever in the changing environment of the Asia–Pacific, Japan and Australia’s relationship—and more importantly our bilateral cooperation—are becoming more vital for the region.

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*Maintaining peace and stability*

Japan and Australia agree it is vital to maintain the peace and stability of the Asia–Pacific to allow consistent and sustainable economic growth for the region.

We also share fundamental core values such as freedom, democracy, human rights and the rule of law. It is becoming more important that our countries work together to keep the existing rules-based order, and to develop new systems and create new rules for the region's future.

Given such challenges, I would like now to highlight some aspects that Japan and Australia should address together to help ensure peace and stability in the Asia–Pacific.

*Alliances with the U.S.*

To maintain economic growth there must be peace and stability in the first place. Up until now, regional peace and stability has been maintained through close cooperation with the U.S., including the Japan–U.S. alliance.

Both Japan and Australia have alliances with the US. We need to support the U.S.'s "rebalancing" policy and commit our efforts to make the U.S.-based security system more effective in the region. In this context, it is natural for Australia and Japan to further promote our bilateral security and defence cooperation.

Throughout the post-war history, the central pillar of our diplomacy has been the Japan-U.S. alliance. Over the past 70 years, the relationship has successfully grown and adapted to challenges and significant changes in the international environment.

One recent change was updating the guidelines for Japan–U.S. bilateral defence cooperation.

These provide a general framework and policy direction for the roles, missions and ways Japan and the U.S. can cooperate and coordinate on all aspects of the agreement, from peacetime to contingencies. These new guidelines also mark a step forward in the transformation of the Japan–U.S. partnership.

They also enable Japan's broader participation in humanitarian and peacekeeping missions outside of our immediate region.

This accords with recent developments in Japan that signify our desire and efforts to play a larger role in regional peace and stability.

The Japanese Government for example, is now deliberating on new draft legislation for peace and security. This will increase the deterrence of the Japan–U.S. alliance, decrease



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the risk of attacks and enable Japan to further contribute to peace and stability in the world. This includes through a wider range of UN peacekeeping operations and other internationally coordinated efforts.

I must emphasise here that there will be no change in Japan's fundamental posture and orientation as a country committed to peace; a commitment that has already lasted the past 70 years. Japan will continue to uphold its exclusively national defence-oriented policy.

As well as strengthening the Japan–US alliance, we are now reinforcing our cooperation with friends and partners, such as Australia.

Japan has set out a “Proactive Contribution to Peace” based on the principle of international cooperation as the basis of its security policy.

The core of Japan's “Proactive Contribution to Peace” represents the contributions that Japan has made to various peace-building efforts.

We would like to enhance our cooperation with Australia in various activities, as seen in peace keeping operations in South Sudan and East Timor, which is a good example of bilateral cooperation between the Australian Defence Force and Japanese Self-Defence Forces. We will be able to further develop cooperation in peacekeeping activities between our two countries.

The trilateral security framework that exists between Japan, Australia and the U.S. is also an important cooperative relationship. Cooperation between the three countries has been strengthened through joint exercises and the Trilateral Strategic Dialogue. Both Japan and Australia need to further strengthen our trilateral security and defense cooperation with the U.S.

#### *Promoting disarmament and non-proliferation*

As the only country in history which has suffered from atomic bombings, Japan is determined to promote disarmament and non-proliferation activities, and to lead the international community in this regard.

Japan and Australia can collaborate closely on this issue. One good example is the Non-Proliferation and Disarmament Initiative.

This is a group of countries that do not possess nuclear weapons and was launched in 2010 by Japan and Australia as central players. It aims to realise a world free of nuclear weapons by proposing realistic and specific measures to achieve nuclear disarmament and non-

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proliferation. Our two countries should work together and in cooperation with other countries to realise a nuclear free world.

#### Maritime security

Cooperation in maintaining a rules-based maritime order and achieving maritime security is another area that Japan and Australia can pursue together. The existing order has served as the foundation of peace and prosperity for the region through the promotion of principles such as the rule of law.

The current situation in the South China Sea is a serious concern for all countries in the region. As we emphasise the importance of peaceful dispute settlement, as well as free and unimpeded lawful use of the world's oceans, we must send a clear message that all countries refrain from any unilateral action which will raise international tensions, and that all countries should act according to the rule of law.

In this context, Prime Minister Abe made Japan's stance very clear at the Shangri-La Dialogue in May last year by referring to the "three principles concerning the rule of law at sea":

- that all states shall make and clarify their claims based on international law
- that all states shall not use force or coercion in trying to drive their claims, and
- that all states shall seek to settle disputes by peaceful means.

#### Combatting terrorism

Combatting terrorism is another area where Japan and Australia can cooperate for regional peace and stability.

We stand united with other countries as the fight against terrorism is our common concern. In this respect, we are ready to work together with the international community, and support Australian Government initiatives such as the recent Regional Summit in Sydney to counter violent extremism, and to discuss coordinated action against terrorism.

#### Regional economic partnerships

Moreover, it is essential that new rules and standards on the economic front are put in place to further advance the peace and prosperity of the region. Japan and Australia are

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placing particular importance on achieving high-standard regional economic partnerships, such as through the Trans-Pacific Partnership Agreement.

If we succeed in creating these rules-based frameworks, it will contribute greatly to the region as goods and investment move more freely, and new trade and investment regulations are put in place to help emerging economies in the region.

#### Infrastructure development

But potential areas of cooperation between Japan and Australia do not stop there.

We must capitalise on the need for infrastructure development in Asia. The Asia region requires an immense amount of development and financial resources for it to unleash its potential and for it to continue to be a world economic growth centre.

To meet this challenge, it is important to ensure quality of infrastructure so governments can achieve sustainable development and pass the benefits onto their people.

Japan promotes quality infrastructure investment through its Partnership for Quality Infrastructure for Asia's Future, which Prime Minister Abe announced in May.

Australia too has demonstrated an ambition to enhance growth potential by promoting infrastructure as one of the pillars of the G20 Summit held in Brisbane last November. In this respect, both of our governments can further collaborate on infrastructure development.

Also in Australia, the demand for public transport infrastructure is expected to be immense based on the forecasts for future population and economic growth. I believe that Japanese companies will be able to support Australia in catering for such demand with our advanced technology and know-how.

#### Collaboration on the Pacific Islands

Another possible area of collaboration is on the Pacific Islands where we can work together to help develop these countries. I am pleased to note that cooperative efforts by both Japan and Australia have succeeded in Pacific Island and South East Asian countries. One example of joint cooperative assistance between Japan and Australia is the disaster relief operations following Typhoon Haiyan in the Philippines, and Tropical Cyclone Pam in Vanuatu. We hope that further cooperation will be explored and implemented in the future.

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*Closing*

In closing, I would like to stress the importance of the efforts of both Japan and Australia for further developing our bilateral relations.

Our relationship is underpinned by a shared commitment to democracy, human rights and the rule of law, as well as common approaches to international security.

Our relationship has never been so robust and warm, and we are enjoying a period of unprecedented strength in our bilateral relations.

The Australia–Japan partnership is also the closest and most mature in the region for both countries, and is fundamentally important to both of our strategic and economic interests.

Japan is Australia's closest friend in Asia ... maybe even closer than New Zealand!

But there is room and a strong desire for further cooperation between our two countries across a wider range of areas.

The breadth of the links and exchanges at all walks of life between Australia and Japan, and our shared wish to promote deeper mutual understanding and cooperation across these diverse shared interests, provides the bedrock from which we will continue to build our partnership.

Japan and Australia are natural strategic partners.

I am confident that Japan and Australia will continue to work together as we pursue our common goals, and that we can ensure our long-standing relations continue and further expand for future generations.

Thank you.