

14 March 2017

Dear Friends,

I hope this e-mail finds you well.

On Wednesday the 8th of March, I attended the Japan-Australia Roundtable in Melbourne and had the opportunity to make remarks on the theme of the strengthening of Japan-Australia relations at a time of international uncertainty. The main points of my speech are summarised below for your reference.

The world appears to be entering a phase of upheaval and change, on a scale we have not witnessed for some decades. The Brexit vote generated shockwaves around the world and the election of President Trump sent a very clear signal that a great many Americans were frustrated and even angry about the direction in which their country was heading. Meanwhile, tensions remain high in the South and East China Seas, where the rule of law continues to be challenged. Another source of concern is the provocative and dangerous actions of North Korea, which has conducted two nuclear tests and more than 20 ballistic missile launches since 2016. As recently as the 6th of March, North Korea fired missiles into Japan's exclusive economic zone and it appears the country is coming closer to the perilous point of being able to mount nuclear warheads on long-range ballistic missiles.

Faced with this increasing sense of uncertainty, Japan and Australia have responded by boldly strengthening engagement across all aspects of the bilateral relationship. This response is testament to our two nations' deep trust and common strategic interests based on shared values, and I anticipate that our close cooperation will become all the more important as we move ahead.

The increasing importance being attached to the Japan-Australia relationship was clearly reflected in Prime Minister Abe's recent visit to Sydney, where the two leaders spent almost eight hours together. Not only did the visit provide an

important opportunity for Prime Ministers Abe and Turnbull to reaffirm their commitment to the common objectives of our two countries, it also delivered tangible outcomes for bilateral defence and security cooperation, economic engagement and the advancement of people-to-people links and cultural exchange.

Just as the uncertain international environment is encouraging Japan and Australia to work together in support of crucial principles including free and open trade and the rule of law, the changing domestic circumstances of our two countries are also encouraging deeper and more expansive collaboration among our businesses in particular.

While Australia transitions away from the mining investment boom and aims to support the needs of a population that is expanding at a rate of around one million people every three years, Japanese firms are working to branch out to growing markets abroad, in part because of the aging of the Japanese population.

Without doubt, trade in natural resources will continue to form the backbone of our economic relations for the foreseeable future, but the aforementioned circumstances are now promoting trade and investment in new areas.

Nowhere is this more evident than in regards to the rising involvement of Japanese firms in M&As targeting the Australian services sector. Such M&As have helped boost the total stock of Japanese foreign direct investment (FDI) in Australia to A\$85.9 billion, making Japan now the second largest direct investor in Australia only after the U.S. In fact, the A\$14.1 billion of net FDI delivered by Japanese firms to Australia in 2015 put Japan ahead of even the U.S. for the year, which recorded just under A\$10 billion on the same basis.

Finally, during Prime Minister Abe's visit to the U.S. last month, President Trump made very clear his support for the Japan-U.S. relationship. Regarding security issues, the two leaders described the alliance as "unshakable" and President Trump

confirmed the commitment of the U.S. to defending Japan through the full range of U.S. military capabilities. It is also significant to note that in their joint statement, the two leaders pledged to “further enhance cooperation with allies and partners in the region”. On this point, trilateral engagement between Japan, Australia and the United States is of paramount importance, as Japan and Australia simply do not have the capacity to preserve the peace and stability of the region on their own. Therefore, as much as the international outlook remains murky and many conventions are being overturned, Prime Minister Abe’s meetings with President Trump have provided strong indications that some core components of the existing international architecture remain very firmly intact.

Yours Sincerely,

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Ambassador of Japan to Australia