

Speech by Mr Sumio Kusaka, Ambassador of Japan

Perth USAsia Centre on Australia-Japan relations in an age of uncertainty

8 June 2017

I would like to begin by expressing my profound gratitude to you all for the invitation to speak to you today – It is great to be back here in Perth after a year’s absence. It has only been a year, but so much has changed. You have a new government, the United States has a new government, tensions in the South China Sea have waxed and waned, and North Korea has heightened tensions in the Asia-Pacific by a significant degree by rapidly firing off missiles to acquire ICBM capabilities, just to name a few.

Today, as I have been afforded this valuable opportunity, I would like to talk about Japan’s “Free and Open Indo-Pacific Strategy” – its thinking, and what lies ahead in terms of its challenges. I chose this topic because I think the importance of Perth is going to grow as time passes. I also think it is important to talk about this topic in a place where it is very relevant. I will begin by outlining the thinking behind the “Free and Open Indo-Pacific Strategy”.

1 The prospects of the Indo-Pacific region

It has long been said that the 21st Century will be about the prosperity of Asia and its surrounding regions. We are already well into that century, and sure enough the potential seems to be in place. This is in stark contrast to what economists are saying about predicaments in other parts of the world. So we are definitely in the right region.

In his speech at the TICAD VI conference in August last year in Nairobi, Prime Minister Abe aspired to ensure that we would all benefit from the flourishing of ties in the region between Japan, Australia, South East Asia, India and Africa, connected as they are by sea lanes. This is founded on the belief that vitality brought forth by the union of two oceans and two continents is what is needed to deliver the promised stability and prosperity to the world. Japan seeks to

foster a confluence of the Pacific and Indian Oceans and of Asia and Africa to create a place where values of freedom, the rule of law, and the market economy make it prosperous and free from force or coercion.

This all sounds wonderful. But the road to prosperity is what we all need to think about. That is the real question. How do we get there?

The reality is that the exact same region that we are talking about is beset by issues that could result in possible derailments of our ambitions. The truth is that peace and stability, let alone prosperity, do not come around by themselves. They demand a conscious, concerted effort in order for them to materialize and for us to enjoy them.

How we are governed and what sort of society we wish to live in also matter, regardless of the prosperity that we have. Alliance networks in the region led by the United States are facing challenges which test their underlying foundations. As you may have noticed, Japan is not the only country that is advocating “connectivity” in the Indo-Pacific.

But the point that Japan is trying to make is that, yes we want “connectivity”, and yes we want “prosperity”, but the means to that end must ensure “openness” or free access, and respect for the rule of law, human rights, and other important principles and values that we hold dear to our hearts.

2 Uncertainties and Challenges

Now, in this endeavor, Japan has a very important friend in Australia. And it will become all the more important as we work towards our shared goals. Both countries emphasise that the rule of law should be upheld, that human rights and openness are critical, and that US involvement in the region is an absolute must in any plan to achieve and consolidate a bright future.

Recent speeches by Foreign Minister Bishop, including her brilliantly impressive one in Singapore, lead me to think that the strategic thinking of Japan and Australia are now aligned.

Both need a continued strong US commitment and presence in the region, and both champion the liberal international order.

Thus we have been heartened by this week's visit by Secretary of State Rex Tillerson and Secretary of Defense James Mattis to the region, in addition to that of Vice President Mike Pence in April, in which they have sought to assure allies and friends of a continued US presence here and continued commitment by the US to its alliances.

These assurances are very welcome, for the challenges that have emerged in the past decade require a combined effort on the part of Indo-Pacific nations to ensure that this century passes without a major upheaval. The prosperity and security that the Indo-Pacific has enjoyed for over half a century has relied upon states agreeing to act according to international law, pursuing trade according to principles of fewer barriers and greater access, and above all avoiding aggressive actions that might disturb this status quo.

Yet clearly this is no longer the case, for as we have seen in the South China and East China seas, when one state seeks to overturn the status quo in pursuit of unilateral interests, this can only lead to discord and dissent and heighten the threat of conflict which previously did not exist. So when some people advocate the need to "give space" to such states, you may want to exercise a little caution.

Many such advocates, when asked, tend to answer that they are not referring to any geological area, but allude to their belief that more influence should be afforded to a growing power.

However, in some instances, the very same people believe that the current state of the South China Sea is inevitable and something that we have no choice but to accept. Is that so? We are

talking about unilateral land reclamation and militarization of that land without regard for international law including UNCLOS, the United Nations Convention on the Law of the Sea.

While every state is entitled to pursue its interests, it should be through negotiation which conforms to international law agreed upon by all parties.

Of course Japan welcomes the impressive development made by China over the past two decades, which has lifted millions of its citizens out of poverty, revamped and stimulated its economy, and given China a status befitting its place as one of the great nations of the globe.

China represents what all developing countries aspire to achieve, and it stands to reason that as China grows in economic power it will inevitably carry more political and military power.

Yet it is the manner in which this power is used that is attracting attention. Many of you will no doubt be aware of the initiative of President Xi Jinping titled the “One Belt, One Road” initiative, or as it is more commonly known now the “Belt and Road Initiative”.

China’s ambition to revamp its trade ties with south and central Asia, and ultimately Europe, and to secure maritime supply routes from Southeast Asia to the Middle East and Africa is in itself understandable, but what is important is how this ambitious concept will take shape as it moves forward. Hopefully the Belt and Road Initiative will fully incorporate a common frame of thinking that is widely shared across the international community, which is that infrastructure be open to use by all, and that projects be economically viable and not harm the health of the debtor nation’s finances, and thus contribute to the peace and prosperity of the region.

Japan recognizes the value that China brings to the region, and its importance in resolving issues of importance here. Without doubt, one of the most serious of these issues is the threat posed by North Korea’s nuclear weapons program combined with its ballistic missile development.

As many of you know, since January this year North Korea has engaged in a series of ballistic missile launches, with many of these missiles landing in the Sea of Japan. The continued and blatantly provocative acts by the Kim regime threaten the peace of all nations of the region, if not the global community as a whole, and deserve to be condemned in the strongest possible terms.

Japan, along with Australia and the United States, has repeatedly issued strongly worded statements demanding that the Kim regime should cease its dangerous provocations, abide by UN Security Council resolutions, and abandon its poorly conceived and reckless pursuit of nuclear weapons.

To add further weight to these statements, it is imperative that China act with determination in relation to North Korea and bring its neighbour into line with international expectations and international laws. If China aspires to become a global power, it may want to act in the global interest, and that interest is best served by removing the threat to the international community in North Korea's nuclear weapons and missile program.

If the DPRK's nuclear threat is removed and the Korean Peninsula is de-nuclearized, then China deserves to be widely praised for its efforts. However perhaps we cannot be so optimistic.

3 The TPP and economic co-operation

While Japan, Australia and the US must stick together to fend off any attempts to subvert the potential growth of the region, we must find a path to provide economic opportunities in their own right. Merely drumming up support for democratic values on their own will not gain the support of our fellow neighbours in finding common ground for our interests.

We need to be able to offer a credible economic plan that instills confidence among our neighbours, and it is not just with China that Japan needs to co-operate in order to ensure growth, prosperity, and security for the people of the Indo-Pacific.

Japan has committed itself to joining and implementing free trade agreements that collectively promise to further free trade and boost the wealth of the region to the benefit of all of its residents. One of the core agreements to realize this was to be the TPP, which was an ambitious agreement made by 12 nations including the US which would transform the economic relationships of its membership.

While the original TPP suffered as a result of the US withdrawal from the agreement, its potential is too important to merely cast aside, and so Japan, together with Australia and other like-minded countries, has been working hard to realise the TPP's benefits. And to that end, on the sidelines of the recent APEC trade ministers' meeting in Vietnam, the ministers of the 11 countries agreed to launch a process to assess options to bring the comprehensive, high quality agreement into force expeditiously.

While the withdrawal of the United States from the TPP was hugely disappointing, we believe and will ensure that room still exists for the US to return to the agreement in the future should it choose to do so.

In the meantime, Japan will continue to further strengthen its international economic engagement and support the development of rules and standards that will encourage and effectively govern international trade and investment. In addition to the efforts being made to realize the benefits of the TPP, Japan's involvement in FTA negotiations with the EU and in RCEP talks are testament to the Abe government's firm commitment to regional economic growth.

In addition to the close cooperation occurring between Japan and Australia in respect to the TPP and RCEP, our two countries are also continuing to further our bilateral economic relationship in a myriad of ways, all of which build on the successes of the past and which promise much for our collective future.

For example, since the entry into force of the historic Japan-Australia Economic Partnership Agreement (JAEPA) in 2015, Japanese firms have increasingly sought to invest in new areas of the Australian economy, including the country's growing services sector.

It goes without saying that the deal has also provided a very welcome boost to some of the key exports of our two countries, including agricultural products from Australia and motor vehicles from Japan.

4 Australia, Japan, and the Indian Ocean Region

It is obvious to all who engage in international relations that at a time when the international order is undergoing change, nations that can work together and act together have far better prospects than those who do not. Australia and Japan have spent the better part of a century working towards a closer relationship, one that was initially built on economic ties but which in recent years has come to embrace a broader and more dynamic level of interaction.

This year marks the 60th anniversary of the signing of the Australia-Japan Commerce Agreement, a ground-breaking document in its own right that paved the way for an enormous level of trade and investment between Japan and Australia in energy, mining and other sectors and ensured that both nations profited as our economies grew.

Western Australia was a significant contributor to as well as beneficiary from this investment, and over the decades Japanese companies have been steadily increasing their presence in this state. This in itself is not terribly surprising. After all, Perth is closer to the Asian region than either Sydney or Melbourne, the shipping lanes of Western Australia connect directly into those of Southeast Asia and the Indian Ocean region, and Western Australia contains a lot of potential for agribusiness and high-tech manufacturing.

The proximity of Perth to the Indian Ocean region is a significant part of its attraction, for Japan recognizes that the Indian Ocean will be the next area in which it must concentrate its attention

in order to safeguard its future. Australia, too, has become far more active in its approach to Indian Ocean issues, and together we have sought to engage with the countries of the region starting with India to ensure the continuation of gains in regional development.

Japan, like Australia, sees enormous potential in its dealings with India, and has initiated dialogue, signed agreements, and participated in exercises all aimed at strengthening ties with India. Like Australia, Japan has also become involved in providing for India's energy needs, and has begun to explore areas of investment in India's infrastructure in order to ensure that India has the capacity to further develop its middle class and reach its economic potential. As a fellow democracy, Japan sees India as a natural partner in maintaining respect for the rule of law and defending the liberal international order, a view of India that is very similar to that of Australia's.

In a world beset by uncertainties, it is vital that like-minded nations forge bonds that will help ensure their continued prosperity. Japan, Australia, India and the United States all have interests in a peaceful, prosperous Indian Ocean region that are best served through co-operation with one another.

This engagement can then act as an impetus to other nations in the region, encouraging them to seek dialogue and co-operation instead of conflict and confrontation to achieve a common goal of peaceful development.

It suffices to say that Japan and Australia need each other, now more than ever. We have all of the tools in place to create a strong, long-lasting relationship that will withstand the challenges thrown at us. It is my fervent hope that by the time I next talk to you, our relationship will have grown just that much closer, and that we will all feel a little more secure knowing that we each have one another's backs for whatever lies ahead.

Thank you.