

Speech

“The Future Path for Asia: An Outside-in Perspective”

Delivered to the Asia Society Policy Salon Tokyo

25th May (Tuesday), 9.05am AEST (8.05am JST)

1. Introduction

Thank you Jesper.

Ladies and Gentlemen, it is an honor to have the opportunity to address you this morning.

To tell you the truth, despite moving from Tokyo to Canberra at the end of last year, I do not get a sense that I have moved very far outside of Asia.

Indeed, I know that for many people in Australia, there is some confusion about whether they are an outsider or an insider to the Asia region.

Every four years, Australia signals that it is very much a part of Asia when its soccer team participates in the AFC Asian Cup, making the Japanese team's job harder.

I do note however that despite this, Japan remains the most successful team, with four titles.

And yet, every year, Australia also becomes an honorary member of Europe at the Eurovision song contest- in which it is yet to demonstrate its full potential.

As the country which produced music greats like Olivia Newton John and Kylie Minogue, I have great expectations for their future success.

That said, there is no denying that Australia, and Japan, share a deep regional connection.

Geographically, the two nations are situated between the Indian and Pacific oceans, right at the heart of the Indo-Pacific.

This region is our home.

To say that ‘our future rests in the Indo-Pacific’ would not be an exaggeration.

As Prime Minister Morrison has rightly pointed out, the Indo-Pacific is ‘the region that has accounted for two-thirds of global growth over the last decade’ and ‘it is home to more than half the world's population’.

Which is why, in order to respond to today's topic 'The Future Path for Asia', I would like to speak to you about the future of the Indo-Pacific; and more specifically, what Japan and Australia can do together for this region.

It is my view that shared commitments- to the rules-based trading system, peace & stability and emissions reduction- position Japan and Australia as natural partners.

2. Our Commitment to the Rules Based-Trading System

It is in the Indo-Pacific that Japan and Australia have built up our prosperity, through our mutual commitment to the rules based-trading system.

Though bilateral trade existed between Japan and Australia as far back as the 19th century, the first framework was established six decades ago through the Commerce Agreement.

Then, in 2014, in order to further liberalize trade, the ground-breaking Japan-Australia Economic Partnership Agreement was signed, which covered not only trade in goods but trade in services and investment.

From 1968 to 2008, Japan enjoyed the status of Australia's largest trading partner for forty years.

Today, exports to Japan account for around ten per cent of Australia's total trade, or ninety-billion dollars.

The liberalization of bilateral trade also helped to forge a deep trust between Japan and Australia.

Business leaders were given confidence in the market and an eagerness to invest.

Indeed, Japanese direct investment has more than doubled over the past twelve years.

Today, Japan is the second largest source of foreign investment in Australia, providing a remarkable one-hundred-and thirty-two billion dollars.

But the question is; how can we ensure that our entire region enjoys such prosperity?

As I'm sure everyone here is aware, this is where a 'Free and Open Indo-Pacific' supported by a rules-based trading order is important.

In recent years, Japan has been pursuing a foreign policy based on the vision of a 'Free and Open Indo-Pacific'.

Through the improvement of regional connectivity, infrastructure development, trade and investment, Japan has been striving to ensure this 'international public good' brings prosperity to all.

In this context, it was together with Australia that Japan became the driving force behind the establishment of APEC.

It is also together that Japan and Australia are working towards the expansion of the CPTPP.

And it is together that Japan and Australia are working closely towards reform of the WTO.

In bilateral talks last year, Prime Minister Morrison and Prime Minister Suga publicly agreed that 'trade should never be used as a tool to apply political pressure'.

Given what has been transpiring in Australia's trade relations with others, this was a strong and clear message Japan and Australia delivered to the world.

And it is a message which will continue to underline the importance of the rules-based trading system for decades to come.

3. Our Commitment to Peace and Stability

However prosperity cannot be envisaged without peace and stability.

Japan and Australia understand that these are a vital precursor to growth in our region.

At the historic, first-ever leaders' meeting of the Quad, just under two months ago, our two nations, along with the US and India, agreed to 'support principles such as the rule of law, freedom of navigation and overflight, peaceful settlement of disputes, democratic values and territorial integrity'.

For this, Japan and Australia are well placed to cooperate both multilaterally and bilaterally.

As a natural consequence of the deep trust built up through decades of trade and investment, Japan and Australia's relationship has been elevated to a 'Special Strategic Partnership' and diversified to include cooperation in areas like Defence and intelligence.

Today, Japan and Australia regularly participate in joint exercises.

This year, most recently, Japan and Australia participated in a multilateral exercise known as the ARC 21 with the US and France.

A joint transit in the South China Sea was also conducted.

Concerning North Korea's nuclear weapon and missile development, close cooperation was undertaken on the prohibition of ship-to-ship transfers in the East China Sea.

And Australia participated in Exercise MALABAR, a naval exercise traditionally involving India, the United States and Japan. For Australia, this was historically significant as it marked its first participation in thirteen years.

Negotiations on the Australia–Japan Reciprocal Access Agreement have now entered their final phase.

Joint exercises have already been performed in places like Queensland, the Northern Territory and Hokkaido.

Of course, the health of a nation is also essential for peace and stability.

Which is why equal vaccine access for our region is a priority.

In February, Japan increased its contribution to the global initiative, the COVAX AMC, to ensure that the world's developing countries, including those in the Indo-Pacific, have access to safe and effective vaccines.

A total of two-hundred-million US dollars has now been committed to by Japan.

In June this year, Japan will co-host the 'COVAX AMC Summit' with the Global Alliance for Vaccines and Immunization, Gavi, with the aim of securing further funding from donors and the private sector.

Australia views this as a priority too.

Along with the US and India, Japan and Australia have committed to supporting countries in the Indo-Pacific through the difficult circumstances of this global pandemic.

4. Our Commitment to Emissions Reduction

The first-ever leaders' meeting of the Quad also identified emissions reduction as a priority for the Indo-Pacific.

Here again, Japan and Australia can work together, as we share a vision for a low emissions future.

And, with our long history of economic complementarity in the resources sector, we are natural partners in the global fight against climate change.

Only a few months ago, I had the pleasure of attending the commencement ceremony of the world's first global hydrogen supply chain project, HESC.

And I must tell you- the sheer scale of this project is astonishing.

Pioneer technology is being used to produce and transport hydrogen all the way from Victoria's Latrobe Valley to Kobe.

Driven by an all Japanese multi-industry consortium, this project's success will have an enormous impact.

This type of project is not unique to the State of Victoria.

In every State I have travelled here in Australia, the hydrogen industry is being developed.

And Japanese companies are right there in the thick of it.

The vast potential of hydrogen could very well be the key to reducing emissions.

This will benefit not just Japan and Australia but our entire region.

5. Conclusion

To conclude, I would like to reiterate that Japan and Australia's shared values and strategic interests in areas such as trade, defense, health and emissions reduction have situated us as natural partners in supporting our region.

I am determined to do my utmost to strengthen our bilateral ties and uphold our shared values in order to promote a Free and Open Indo-Pacific.

Because what we do here for our region benefits us all.

It benefits Asia.

And it benefits the entire global community.

Thank you.