

# **Speech**

## **'Going for Gold: Building a Japan-Australia business**

### **Partnership for the future'**

**Presented by His Excellency Yamagami Shingo, Ambassador of Japan to Australia,**

**At the Australia Japan Business Co-operation Committee (AJBCC) webinar**

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## **1. Introduction**

Thank you Peter for that kind introduction.

Distinguished guests,

Ladies and Gentlemen,

Today's topic 'Going for Gold' is of course a nod to the Tokyo Olympics.

In just four days' time, the Paralympics will take place.

I expect they will prove just as momentous for Australia as the Olympics that proceeded them.

For Australia, the Tokyo Olympic Games were one of their most successful, with 17 Gold medals.

It was an Olympics that made me realise Japan and Australia truly do have their own complementary strengths.

For Australia, its rugby and hockey.

For Japan, softball and baseball.

If only we could combine our scores on the medal tally.

These Olympics also reminded me that Australia truly is a nation of incredible swimmers.

I often say that Japan and Australia are 'in the same boat' when it comes to diplomatic challenges we face.

But Australia's performance in the swimming really made me think there is no better partner than an Aussie to share a rough boat ride with.

I was thrilled at the announcement that Brisbane would hold the 2032 Olympic Games.

I'm sure there is much that our business communities can compare notes on regarding making the most of this golden opportunity.

I chose today's topic because I believe that our relationship has come to exemplify two of the three core Olympic values: Friendship and Respect.

This friendship and respect has developed because of the close engagement between our business communities over the past century.

Which is why it is a pleasure to have the opportunity today to address you.

It is you, the Japanese and Australian business leaders of today, who are contributing daily to the strengthening of our current and future relationship.

## **2. Our Trade and Investment Relationship Today**

Indeed, when we look back and consider the success story of the Japan-Australia relationship, we can see that it was our business ties which laid the foundation for that success.

These ties are older than Australia's federation.

They span back 125 years, to when Japan's first diplomatic mission was set up in Townsville.

Japanese trading houses were quick to recognise the potential of our economic complementarity.

Kanematsu, Mitsui & Co and Mitsubishi Corporation, for example, set up a presence in Australia as early as 1890, 1901 and 1956 respectively.

In the years that followed, Aussie resources came to dominate the Japanese market.

Today, more than half of all Japan's coal and Iron ore is bought from Australia, as is almost half of its LNG.

Australian agricultural products have been just as impactful.

Aussie cheese has captured almost a quarter of Japan's imported dairy market.

Aussie beef almost a half.

And sugar has captured more than four fifths of the imported sugar market.

Over the past 15 years alone, total trade between our nations has increased by around 60 per cent.

This was spurred on by the conclusion of our landmark Economic Partnership Agreement in 2014.

Today, exports to Japan account for around ten per cent, or 60 billion dollars of Australia's total trade.

But what is truly incredible is that investment has grown even further.

In the past 15 years it has increased six-fold.

Today, Japan is Australia's second largest investor, with a total stock value of 132 billion dollars.

I'm sure most Australians would know of the Ichthys LNG project in Darwin.

That project alone amounts to an investment of forty-billion US dollars.

It is Japan's single largest overseas investment.

Japanese investment into Australia's life insurance sector has also been significant.

After Nippon Life acquired MLC in 2016, Dai-ichi Life, through its subsidiary TAL, acquired Suncorp's life insurance arm in 2019.

TAL's lion share of the market will grow even further with its recent agreement to acquire Westpac Life.

Japanese companies in Australia have noticeably committed to this country's economy for the long run.

They have continued to reinvest the earnings from their Australian businesses, contributing to well over 70 thousand jobs.

In recent years, Japanese companies like Kirin and Asahi have made long-term investments in beverage production in Australia.

Asahi is also investing in one of the largest plastic recycling plants in New South Wales, accelerating the transition to a circular economy in Australia.

The economic benefits of our ties have gone both ways.

Without the stable supply of resources that Australia provided, the Japanese economy would not have grown this big or this mature.

Australians have today also become an important asset for Japan's tourism industry.

Australian visitors are the biggest spenders in Japan with an average of three thousand dollars per trip.

At 13 days, their average stay is also one of the longest.

This has led to an explosion of Aussie investment in ski resorts such as Hakuba and Niseko.

This close engagement between our business communities grew into the roots of mutual trust that anchor our relationship today.

Thanks to this engagement, all that we have in common- our commitment to democracy, human rights, free trade and a rules-based international order- has become clear.

We have become united by shared values.

Over the past few decades, our relationship has also expanded to encompass shared strategic interests.

In 2007, our Prime Ministers signed the Joint Declaration on Security Cooperation.

In 2014, the status of our bilateral ties was elevated to a Special Strategic Partnership.

This increased security relationship has had a far-reaching effect, benefiting our business ties, as the trust between our nations grows ever stronger.

### **3. Looking ahead to our future**

We cannot however simply pat ourselves on the back.

Because there is more that Japan-Australia can achieve together.

I mentioned earlier that our relationship exemplifies Friendship and Respect.

But there is one final core Olympic value that we are yet to achieve: Excellence.

We need to set our sights on Gold.

Now is our chance to turn challenges into opportunities.

We cannot afford to be complacent.

So while we celebrate our success story, we must also look ahead.

Our shared values and strategic interests position our business communities as natural partners in facing today's most challenging global issues.

These include overcoming the COVID-19 pandemic, preserving the rules-based international order, increasing our economic resilience and lowering emissions.

## **Overcoming the COVID-19 pandemic**

First, one of our most immediate challenges; the pandemic.

Economies around the world, including that of Japan and Australia, have been shaken by the terrible effects of this.

As businesspeople, I am sure that you have felt these effects more keenly than most.

Japan and Australia are carefully assessing the health situation day by day.

As the vaccine rollouts in both our nations begin to gain traction, the resumption of travel is becoming steadily more attainable.

All Nippon Airways has of course been doing an incredible job of continuing flights between Japan and Australia, allowing thousands of Australians to return home safely and vice-versa.

Our two-way travel is incredibly important for our business ties.

Since my arrival in Australia, I have heard countless voices from Japanese and Australian businesses urging the quick resumption of travel for businesspeople.

Japan and Australia are looking to resume safe and secure travel as soon as it is feasible to do so.

Another way that Japan and Australia have been looking to assist the global economic recovery is by promoting vaccine access in our region.

Together with our Quad partners, Japan and Australia have committed to supporting countries in the Indo-Pacific through this difficult time.

Along with the US and India, we will strengthen and assist our neighbours by providing at least one billion doses of vaccines.

At the Gavi COVAX summit, co-hosted by Japan in June, both our nations also made significant financial commitments to allow COVAX to secure 1.8 billion doses of vaccines for lower-income countries.

Once travel resumes, I very much hope that many of you will be able to engage more closely with one another than ever before.

Because I understand how important that engagement is for our ties.

## **Preserving the Rules-based International Order**

Of course, our economic prosperity is also contingent on the preservation of a rules-based international order.

Here too we are facing challenges.

But there is much Japan and Australia can cooperate on.

Together, we can continue to pursue liberalisation and the establishment of fair, transparent rules.

Thus far, our shared commitment to the liberalisation of trade has led us to cooperate on the establishment of APEC, the conclusion of our EPA and the entry into force of the CPTPP.

But there is more to be done.

Our nations can work towards the expansion of the CPTPP and the successful implementation of RCEP.

We can engage more at the OECD.

Together with Deputy Secretary-General, Japan's KONO Masamichi, I am sure that newly elected Secretary-General Mathias Cormann will be a strong, positive force for multilateral cooperation.

As staunch believers in the rules-based multilateral trading system, our cooperation is also vital for the reform of the WTO, including its dispute settlement mechanism.

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'.

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.

## **Increasing Our Economic Resilience**

The pandemic and growing challenges to the rules-based international order have been a stark reminder of the importance of diversifying trade and fostering economic resilience.

By strengthening our trade and investment ties even further, Japan and Australia can ensure that our economies are equipped to face future challenges.

For Australian winemakers, there is no better time than the present.

The time is ripe to double down on efforts to increase the share of Aussie wine in the Japanese market.

An Australian wine boom in Japan is possible thanks to our EPA.

As of April this year all tariffs on bottled wine have been reduced to zero.

Japanese technology and expertise in the field of infrastructure could also be leveraged more to take Australia's global reputation for liveability to new heights.

Already Japanese companies are contributing to the transformation of Australia's largest city, Greater Sydney.

Mitsubishi Heavy Industries, SMBC, Hitachi, UR, NEC and NTT have signed agreements to partner with the NSW State Government on a range of pioneer initiatives.

Likewise, Marubeni has helped to significantly shorten commute times in Sydney's northwest through Australia's first fully automated railway.

But opportunities remain.

I join many Australians in dreaming of the day when high speed rail dramatically transforms the way of life here in Australia.

Japanese Shinkansen technology could shorten travel from Melbourne to Sydney to just three hours and Sydney to Canberra to just one.

## **Lowering Emissions**

When we look ahead to the future, of course we also think of climate change.

With our long history of economic complementarity in the resources sector, we are natural partners in the global endeavour to reduce emissions.

In June, we announced the Japan-Australia Partnership on Decarbonisation through Technology.

This outlined what we had already discovered;

Our nations are both committed to a technology-led response to climate change.

We believe in the power of innovation.

And we see hydrogen as our future.

By 2030, Japan aims to be using up to three million tonnes of hydrogen each year.

By 2050 the goal is to increase this to up to 20 million tonnes.

As such, Japan is eager to see Australia succeed in its endeavor to become a world-leader in hydrogen production and exports.

The two hundred Japanese companies that make up the Japan Hydrogen Association are just as eager.

Many of them join the dozens of Japanese companies which are backing hydrogen and ammonia projects right here in Australia.

In Victoria, Kawasaki Heavy Industries, J-Power, Iwatani, Marubeni and Sumitomo Corporation have commenced a pilot for the world's first global hydrogen supply chain.

In March, I had the pleasure of attending the commencement ceremony for this project, which will use pioneer technology to produce and transport hydrogen all the way from Latrobe Valley to Kobe, Japan.

In that same State, Toyota has also opened up a hydrogen refueling station to complement its launch of the leading fuel cell vehicle on Australian roads.

In New South Wales, Idemitsu is supporting the H2N project to transform the Hunter into a hydrogen valley.

In South Australia, Mitsubishi Heavy Industries has backed H2U's Eyre Peninsula Gateway and ENEOS Corporation is exploring the development of a Japan-Australia CO2-free hydrogen supply chain.

And more is on the way.

In Queensland, the long list of Japanese-sponsored projects is set to grow with Itochu's potential investment in Gladstone.

In Tasmania and WA, IHI is working with Australian counterparts to study the feasibility of ammonia production and transportation.

Mitsui O.S.K. Lines have also recently announced an MOU with Origin Energy to investigate the potential for a green ammonia supply chain.

The vast potential of hydrogen could very well be the key to significant emissions reductions and hail a new golden era for the industries of our two nations.

Advances in hydrogen technology through Japan-Australia cooperation will benefit not only our region but the world.

#### **4. Conclusion**

To conclude, I would like to reiterate that our shared values and strategic interests can, and will, help us to overcome increasingly complex global challenges.

The close engagement between our business communities over the past century has created a strong foundation of trust between our two nations.

Japan values this trust and considers it the greatest asset to our friendship.

Over the next few decades I am confident that together we will be able to overcome the many challenges we face, while taking advantage of opportunities that arise.

In this way, we will achieve true Excellence.

And create a new Japan-Australia success story for coming generations.

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