

Speech

**Presented by HE Yamagami Shingo
Ambassador of Japan to Australia
On the occasion of Minerals Week 2022
at the Hyatt Hotel Canberra – Tuesday 6th September 2022**

1. Introduction

The Hon Ian McFarlane, Chief Executive of the Queensland Resources Council,

The Hon Helen Coonan, Chair of the Minerals Council of Australia,

Ms Tania Constable, Chief Executive Officer of the Minerals Council of Australia,

Indian High Commissioner Manpreet Vohra,

Excellencies,

Distinguished guests,

Ladies and gentlemen,

Thank you for inviting me to speak here today as part of Minerals Week.

It is a privilege to be in a room full of leaders from the Australian mining industry.

Today, you have heard from OECD Secretary-General Mathias Cormann and will soon hear from two ambassadors: myself and my good friend, High Commissioner of India, Manpreet Vohra.

It just goes to show that Australian mining is a truly global industry.

Some of you might wonder what the Japanese Ambassador is up to.

No worries – the colour of my tie does not mean I am insisting on climate change.

Nor does the time of the year compel me to dwell on magpies.

Besides, I forgot my helmet with chopsticks.

As the world grapples with supply security concerns as well as complex energy transition challenges, now more than ever, the significance of the Australia's resources and mining industry is felt around the world, especially in Japan.

Given Australia's history as a strong, stable and reliable supplier of coal and gas to Japan, it's easy to see why.

2. History of Japan-Australia trade

The history of Australia-Japan trade in minerals goes back as far as the 19th century.

According to the Australian literature, coal was the first recorded traded commodity from Australia to Japan in 1865.

Fast-forwarding to the twentieth century, trade ties in minerals formed the bedrock of our highly complementary economic partnership.

Japan and Australia grew together.

For decades, resource-rich Australia has supplied coal, iron ore, gas and other commodities that power Japanese industry and households.

In return, Japan has provided Aussies with capital, entrepreneurship and markets, along with affordable and reliable and energy efficient machinery, electronics and automobiles.

And in my time here in Australia, I have noticed significant Japanese contributions to Aussies' everyday lives, ranging from love for wagyu beef and sushi to the art of karaoke.

I am glad to note that Aussies have mastered the art of karaoke.

If one ever feels "mellow", one picks the late Dame Olivia Newton-John songs.

If one feels like letting off steam, one picks classic AC/DC.

Having said that, Japan and Australia are not on a "Highway to Hell".

Quite the opposite – since the sixties our countries have been on a “Highway to Wealth.”

3. Strength of the Australia-Japan economic partnership

In all seriousness, Japan became Australia’s largest trading partner in 1968 and stayed at number one for forty years.

Today, Japan and Australia have a bilateral Economic Partnership Agreement, and we are also leading members of regional trade agreements such as the CPTPP and RCEP.

Our trade is worth an incredible ninety billion dollars.

Ten per cent of Australia’s total exports are goods to Japan, with minerals and gas of course making up the lion’s share.

Last year, Australia exported 20.7 billion dollars in coal, 11.3 billion in iron ore.

Japan was Australia’s number one destination for LNG exports in the 2020-21 financial year.

And in terms of investment, Japan is the second largest source of foreign direct investment in Australia.

Just the year before last, Japan was number one investor.

Japanese companies in Australia are not recent arrivals who rocked up for short-term profits.

They have contributed to Australia’s economy over the long-term and are closely involved with every stage of the resources supply chain.

They are closely involved with not just the operation of the mines themselves, but also the equipment to dig it up, the infrastructure to transport it, and even services to support Aussie mining communities.

I witnessed for myself just how close these links are when I visited the BMA mine in Goonyella Riverside, a time-tested success story of the partnership between BHP and Japan’s Mitsubishi Corp, earlier this year.

By the way, my chef cooks a special roast lamb dish flavoured with Japanese rice malt and –

incredibly – Vegemite, that has received high praise from a number of guests.

But if you ask me, BMA is an even more impressive example of Japanese-Australia fusion.

The mutual trust and shared aspirations between our businesses and government brings not only economic, but also strategic benefits.

Indeed, our robust and dynamic economic ties, maritime proximity and democratic values make us natural strategic partners in our region.

4. New frontiers: hydrogen and critical minerals

In the face of emerging challenges to the rule-based international order and the secure and efficient global supply chain, the strategic partnership between Japan and Australia is becoming all the more important.

These challenges were laid bare with COVID, as well as recent instances of economic coercion and major disruptions to the global supply chain.

This year, the international community has witnessed Russia's despicable invasion of Ukraine, and heightened tensions over the Taiwan Strait due to reckless sabre-rattling by China.

To respond to these challenges, concerted efforts among like-minded democracies is vital.

Japan and Australia are working on increasing deterrence, including by concluding the soon-to-be-ratified RAA or Reciprocal Access Agreement.

At the same time, our countries are working with the US and India as part of the Quad to realise a shared vision of a free and open Indo-Pacific and to uphold a rules-based international economic order.

Japan and Australia are also among the leading members of the newly launched process to establish the IPEF, which is expected to reinforce an inclusive and resilient rules-based international order.

One of the main focuses of these endeavours is critical minerals cooperation.

Diversification of rare earth supply chains is an area where Japan and Australia have a proven track record of successful bilateral cooperation.

We successfully worked together to develop alternative supply chains of rare earths when faced with a de-facto Chinese export bans on rare earths in 2010 thanks to co-operation from Lynas..

And we are committed to building upon this achievement to further diversify and strengthen our supply chains going forward.

We are working closely with like-minded partners, including the US, in multilateral initiatives such as the newly launched Mineral Security Partnership.

The importance of securing critical mineral supply chains is only going to grow, especially given the essential role of minerals such as cobalt and lithium in the global decarbonisation effort.

Looking to the future, emissions reduction will certainly be one of, if not the main driver of Japan-Australia cooperation, especially when it comes to resources.

Hydrogen and ammonia pilot projects are an area where economic collaboration between our countries are leading the world.

In June last year, Japan and Australia signed the “Partnership on Decarbonization through Technology,” marking the beginning of Japan-Australia hydrogen co-operation.

Earlier this year, as part of the Hydrogen Energy Supply Chain Project, or HESC, the world’s first liquefied hydrogen carrier, manufactured by Kawasaki Heavy Industry, successfully transported hydrogen 9000 kilometres from Victoria all the way to Kobe, Japan.

The transported hydrogen was made out of brown coal from the Latrobe Valley in Victoria.

I was amazed by the sheer scale of the project when I paid a visit to Latrobe Valley and saw the Suiso Frontier hydrogen carrier in the Port of Hastings in person.

This technology will be one of the game changers, not only for Japan and Australia, but also as part of the global energy transition.

And HESC is just one example of Japan-Australia cooperation as part of the renewable transition.

All across the country, Australian and Japanese companies are working side-by-side to develop cutting-edge hydrogen and ammonia hubs.

We all know that Aussie athletes compete on the international stage dressed in green and gold.

And with Japan at its side, Australia is competing on the world stage in hydrogen: both green and blue.

Japanese companies are actively pursuing all possible avenues, including coal and gas alongside renewables, for production of hydrogen.

Japan's major energy companies are making long-term investments in carbon capture and storage, including offshore greenhouse gas storage sites.

They are also investing in companies and funds that generate carbon credit units.

And they are actively pursuing consumer applications for hydrogen technology outside of wholesale electricity generation.

I'm sure many Canberrans will be interested to know that Japanese company Rinnai is developing a hydrogen water heater.

And Japanese carmakers are not just rolling out new fleets of hybrid and electric vehicles.

They are going even further.

Toyota has developed a fuel cell vehicle called "Mirai", the Japanese word for future.

After taking the prototype for a spin, I can definitely see why they call it that.

It's quieter than a Japanese teahouse.

And it goes from 0 to 100 faster than Bob Hawke could scull a yard of beer.

Without a doubt, these technologies are the way of the future.

5. Trust in Australia as a safe place to invest

It must be stressed that the willingness of Japanese businesses to partner with their Australian counterparts in these new areas is underpinned by trust in Australia as a safe and reliable place to

invest.

Japanese companies do not see Australia as a house, but as a home.

This is why decisions like the Queensland government's coal royalty hike carry so much potential risk.

I stand by my comments that the royalty hike has affected the trust that Australia has built up with Japanese investors.

It could have implications beyond Queensland or the coal industry, affecting Japanese investment in joint ventures such as the hydrogen hubs I mentioned earlier.

Indeed, the Queensland government's announcement sent shockwaves through Tokyo, causing a drop in the stock price of one of the major Japanese trading companies.

Last month, I met with Premier Annastacia Palaszczuk and encouraged the Queensland government to engage in consultation with Japanese companies in the state.

And not long after, state treasurer Cameron Dick conducted a face-to-face meeting with Japanese businesses.

While this is a step in the right direction, a lot remains to be done.

Japan will continue to follow this issue closely.

Alongside coal, Japanese investment and trade in Australian gas forms a cornerstone of our partnership based on mutual trust.

Australian gas keeps Japanese homes warm and allows our industry to flourish.

That is why Japan is watching carefully the consultation currently underway in Australia in response to the prediction of gas shortage in the south-eastern part of the country next year.

We appreciate the concern and acknowledge the necessity of taking measures to ensure energy for industry affected, as well as the everyday lives of people in the most populated parts of Australia.

At the same time, due to disruptions to the international market from factors such as Russia's

aggression in Ukraine, Japan appreciates its partnership with Australia now more than ever.

I recently had a very good discussion with Trade Minister Don Farrell and Resources Minister Madeleine King on this issue and made the point that Japan does not want the flow of LNG from Australia to Japan to be impacted negatively.

I was glad to hear both ministers' reassurances that Australia will remain a trusted and reliable energy exporter to Japan.

6. Conclusion

To conclude, I would like to emphasise once again that Japan and Australia are natural economic and strategic partners.

Let me repeat: we have grown together.

Japan and Australia are now two leading nations in the Indo-Pacific region.

Shared interests and goals in trade, defence and emissions reduction put us in a prime position for meaningful and effective cooperation.

Indeed, the Lowy Institute poll this year showed that Australians believe Japan is Australia's best friend in Asia.

Minerals will continue to form the core of the Japan-Australia relationship, providing our countries with resources for technology.

Let me put it this way.

Our partnership will continue to be powered by resources mined by men and women in hard hats, bright hi-vis vests and solid steel toe boots.

We count on you Aussie miners.

Thank you very much.