

# Speech

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**Ambassador of Japan to Australia**

**On the occasion of the Society of Petroleum Engineers**

**Asia Pacific Oil & Gas Conference and Exhibition**

**Pre-recorded for Panel Session 1 on 17<sup>th</sup> of October, 2022**

Distinguished delegates,

Ladies and gentlemen,

It is a pleasure to speak to you today as part of the Society of Petroleum Engineers' Asia Pacific Oil and Gas conference.

For decades, Japan-Australia trade ties in resources have formed the bedrock of our highly complementary economic partnership.

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, reliable and energy efficient machinery, electronics and automobiles.

Japan and Australia grew together.

Japan became Australia's largest trading partner in 1968 and stayed at number one for forty years.

Today, our trade is worth around ninety billion dollars.

Roughly ten per cent of Australia's total exports are goods to Japan.

And the vast majority of those exports are gas and other resources.

Japan grew as a major industrial power thanks to a reliable supply of resources from Australia.

At the same time, Australia grew into a global resources powerhouse by building upon Japanese investment.

This is an important point: Japan is not only a trading power, but also a major investment power.

Japan is the second largest source of cumulative foreign direct investment in Australia.

And in 2020, Japan was the number one source of FDI.

Japanese companies have invested heavily in resources over the years.

They have built close, long-standing links with the Australian resources industry, as well as the hosting communities.

Earlier this year I visited Moranbah, Queensland, home to the mining joint venture between Japan's Mitsubishi and BHP.

I could see that the contributions the joint venture has made over the years have become an integral part of the community.

This includes a youth centre that I visited myself in person, which provides professional mental counselling to community members.

In addition, Japanese companies are some of the country's largest taxpayers.

In 2019, six of the top 40 corporate taxpayers in Australia were Japanese companies.

Those companies alone paid more than two billion dollars in tax to the federal government.

Japanese business has contributed to Australia's economy over the long term.

Australian gas is one of the main pillars of this successful complementary economic relationship.

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

Japan depends on trade with its overseas partners for more than 97 per cent of its LNG supply.

Around 40 per cent of Japan's LNG imports come from Australia.

Last year, Australia sent an incredible 16.7 billion dollars' worth of natural gas to Japan.

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

And here again, Japanese investment played a key role in the growth of the Australian gas industry to the point where it is today.

The Ichthys LNG field to the west of Darwin operated by INPEX is an excellent example.

It is one of the largest gas fields in the world, and the largest direct investment project ever made by a Japanese company, developed with an initial investment of 54 billion dollars.

Before becoming Ambassador to Australia, in 2018, I accompanied then-Prime Minister Abe to the Ichthys opening ceremony in Darwin with Prime Minister Scott Morrison.

That day, I could feel history being made.

Though I didn't know much Aussie lingo back then, I couldn't help but feel optimistic when I heard one of the few Aussie phrases I knew: "no worries".

However, the current severe energy crisis that is being aggravated by the ongoing act of Russian aggression in Ukraine is a source of worry.

This is why Japan watched the consultation conducted by Resources Minister Madeleine King in response to the predicted gas shortage in eastern Australia with great interest.

We appreciate the concern and acknowledge that Australian authorities need to put in place measures to ensure energy supply for the domestic market.

At the same time, Japan does not want the flow of LNG exports from Australia to be negatively affected.

It was encouraging to hear Minister King's announcement at the end of last month, and to note that Australia will remain a trusted and reliable energy exporter to Japan going forward.

Time-tested complementary economic ties, along with the strong mutual trust that we have forged over decades, have enabled our countries to engage in co-operation in new economic frontiers.

One of these new frontiers is hydrogen and ammonia.

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

This gave a boost to Japanese businesses investment and participation in hydrogen and ammonia projects across Australia.

Some of these projects have already produced significant, concrete results.

Earlier this year, as part of the Hydrogen Energy Supply Chain Project, or HESC, the world's first liquefied hydrogen carrier successfully transported hydrogen nine thousand kilometres all the way from Victoria to Kobe, Japan.

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

And HESC is just one example of Japan-Australia economic co-operation in decarbonisation.

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

In total, there are now more than thirty hydrogen projects located all over this sunburnt country.

Major Japanese energy companies are also making long-term investments in carbon capture, utilisation and storage, including offshore storage sites.

For example, an INPEX and Woodside joint venture recently received an assessment permit for greenhouse gas storage in the Bonaparte basin.

Japanese businesses are investing in both green and blue hydrogen.

They are still active in gas and coal, as well as CCUS.

Why?

While Japan is absolutely committed to decarbonisation and achieving net zero by 2050, we do not believe that a transition to renewables can be done overnight.

We see the need for a pragmatic process of transition.

We also see the need to pursue all possible avenues while the jury is still out as to which technologies work the best.

That is why we will still need fossil fuels, especially gas, for the foreseeable future.

This underscores the continued importance of Japanese investment in the resources sector for Australia, Japan and the world to undergo a smooth transition, while ensuring the continued economic success of our countries.

And Japanese businesses are willing to invest.

For decades, they have looked to Australia as a safe and predictable place to invest.

They appreciate the mutual trust that they have developed with their business partners down under over the years, and see Australia not as a house but as a home.

That is why I voiced my concerns about certain measures that might undermine the hard-earned reputation of Australia's investment environment.

Japan is eager to see Australia remain a safe and predictable destination for investment into the future.

Japan and Australia are natural economic partners.

Let me repeat: our nations have grown together.

Our governments and businesses will work together to tackle energy security concerns and ensure a reliable supply of resources as we progress towards our net zero goals.

As our countries go through transition, Aussie gas will continue to keep our homes warm, and provide the fuel that allows our industry to flourish.

Thank you very much.