

# Speech

**Presented by HE Yamagami Shingo  
Ambassador of Japan to Australia  
Pre-recorded for the Queensland Resources Council  
Annual Lunch at Brisbane – 23 November 2022**

The Hon Ian McFarlane,

Distinguished guests,

Ladies and gentlemen,

Thank you for the kind invitation to speak to you all today.

As many of you know, Prime Minister Kishida of Japan visited Australia last month, and had an extremely successful meeting with Prime Minister Albanese in Perth.

So, what was the take-away of the visit?

Probably, many in the world discovered that the two leaders, who had actually met in person four times in the space of only five months, were already very good mates, and both loved koalas.

And the koalas, though a little sleepy, seemed to love them as well, I think.

The two prime ministers did find some time to do something other than cuddling the fluffy creatures.

The visit demonstrated to the world that Japan and Australia are two nations leading the way for a free and open Indo-Pacific.

It took the Special Strategic Partnership between Japan and Australia to a higher level.

The upgrading of Japan and Australia's security cooperation, with the signing of the new Joint Declaration on Security Cooperation, was truly epoch-making.

With tensions rising and the strategic environment changing rapidly in our region, the declaration

serves as a crucial building block to develop sufficient deterrence against reckless challenges to the rules-based international order.

Not only that.

The two leaders showed the world Japan and Australia's readiness and willingness to lead the region and the world in dealing with economic coercion, strengthening supply chains and ensuring energy security and transition.

This includes the newly signed MOU on critical minerals cooperation

The document, signed by Minister Madeleine King on the Australian side, and endorsed by the two leaders, is expected to facilitate and accelerate partnerships between Japanese and Australian businesses at all stages of the ecosystem, and thereby build secure supply chains for critical minerals.

On this occasion, Prime Minister Albanese reiterated once again Australia's determination to remain a trusted and reliable supplier of energy and resources, as well as a safe place to invest.

The importance of this message at this juncture, in cementing the mutual trust between our two nations, cannot be overstated.

It was this mutual trust that has been, and will continue to be the foundation of our time-tested successful partnership, with resources and minerals as its bedrock.

## **1. History of Japan-Australia trade and investment**

The history of Australia-Japan trade in resources and minerals goes back as far as the 19<sup>th</sup> 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, our two countries have developed a close friendship and highly complementary economic partnership.

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

Japan and Australia grew together.

In this, resources and minerals have always played the key role.

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

In return, Japan has provided Australians with capital, entrepreneurship and markets, along with affordable and reliable cars and machinery.

Today, our trade is worth an incredible ninety billion dollars.

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

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

Japan was the number one investor just the year before last.

And nowhere are Japan-Australia trade and investment ties more apparent than right here in Australia's sunshine state.

Japanese companies have invested in Queensland's resources sector over the long-term, and every stage of the resources supply chain.

They are involved with not just the operation of the mines themselves, but also the equipment to dig minerals up and the roads and harbours to transport them overseas.

They have contributed to the local economy and created thousands of jobs, with Mitsubishi alone employing ten thousand Queenslanders.

And Japanese companies provide hospitals, mental health centres and other services which support the health and wellbeing of Queensland mining communities.

I saw the close ties between Japanese companies and the local mining industry for myself when I visited BMA's Goonyella Riverside Mine in Moranbah earlier this year.

Given these strong links, it is no surprise that Japan is Queensland's number one export destination.

Over the past year, Japan bought an astounding twenty five billion dollars' worth of goods from Queensland.

As was emphasised by the two prime ministers in Perth, in the face of emerging challenges to global supply chains, heightened energy security concerns, and threats to the rules-based order of our region, our strategic partnership is becoming all the more important.

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

As I mentioned earlier, the newly signed MOU on a new partnership for critical minerals will be a springboard for our two nations building secure critical minerals supply chains and pursuing public-private collaboration on research and investment in this vital area.

This builds upon our proven track record of successful bilateral cooperation in the mining sector, including in the diversification of rare earth supply chains in response to a de-facto Chinese export ban in 2010.

And 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 collaborations between our countries are leading the world.

This is exactly what the two prime ministers emphasised in Perth.

I quote from their joint statement:

“The leaders pledged to continue to support initiatives that will advance clean energy technologies and supply chains including hydrogen and ammonia under the Japan-Australia Partnership on Decarbonization through Technology.”

In other words, we've got your back!

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 Industries, successfully transported hydrogen 9000 kilometres from Victoria all the way to Kobe, Japan.

This game-changing technology is just one example of Japan-Australia cooperation as part of the energy transition.

And, it will definitely not be the last.

Japan is actively pursuing all possible avenues, including coal and gas alongside renewables, for production of hydrogen and ammonia – both green and blue.

Our top priority is to secure the supply of hydrogen in volume.

The prospect of mass production will then generate demands for hydrogen, which, in turn, will motivate further investment on the supply side.

We urgently need to kick-start this virtuous circle.

In doing so, we do not have the luxury to be picky with the colour of hydrogen, especially when the jury is still out.

Realistic assessments of the production costs of green and blue hydrogen and how much of *only one colour* could be produced relative to how much is needed clearly indicate that we need to pursue both colours of hydrogen for the foreseeable future.

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

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

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

And they're actively pursuing consumer applications for hydrogen technology, including hydrogen fuel cell cars, hydrogen hot water heaters and more.

Queensland could be a major Australian epicentre of this partnership, provided that investors' long-nurtured trust is maintained.

For example, next January, ENEOS will launch a new project in Brisbane, featuring new technology it has developed known as "Direct MCH".

In short, the technology allows for the production of an easily transportable form of hydrogen, MCH, by way of electrolysis.

The produced MCH will then be transported to Japan for usage.

This could potentially be no less a game-changer than HESC.

Japanese companies' eagerness to collaborate with their Australian counterparts in resources is underpinned by trust in Australia as a safe and reliable place to invest.

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

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

The fact that, after my meeting with Premier Anastacia Palaszczuk and Treasurer Cameron Dick, the Queensland Government started to conduct face-to-face meetings with Japanese businesses is a step in the right direction.

However, a lot remains to be done.

Japanese coal companies are yet to see any glimmer of hope that the situation will improve.

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

That is why we are following with great interest the discussion within Australia regarding energy, including gas and coal.

Japan has been reassured repeatedly by the Australian government that Australia will remain a trusted and a reliable supplier of resources and a safe place to invest.

I mentioned earlier that this reassurance came from the top level last month in Perth.

As the two prime ministers agreed, we hope that Japan and Australia can continue to enhance energy security cooperation, including through secure and reliable trade and investment in energy and resources.

Let me conclude.

I strongly believe that if we work together and play our cards right, the land of the rising sun and Australia's sunshine state can share a bright future together.

Thank you very much.