

**Speech by His Excellency Shigekazu Sato,
Ambassador of Japan to Australia**

***Australia-Japan Relations: The current state of the
relationship – existing and future challenges***

Leaders' Lecture, Griffith University

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“Australia-Japan Relations: The current state of the relationship – existing and future challenges”

Thank you, The Honourable Alexander Downer;
Members of the executive committee of Griffith University;

Ladies and gentlemen, Friends, Good Evening!

It gives me great pleasure to have a chance to speak here on the occasion of the annual Australia-Japan Dialogue organized by Griffith University. Griffith University was the first university in Australia to offer degrees in Asian studies and it has close ties with many Japanese universities and institutions. With this in mind, I'd like to pay tribute to Griffith University for its great contributions to Australia-Japan relations.

We have also been joined here today by Mr. Alexander Downer. We Japanese have a great respect for him as he did much to promote bilateral relations between our two countries, as I will explain during the course of my speech. One astonishing fact about Mr. Downer is that he served as Australia's Foreign Minister for more than 11 years, from 1996 to 2007. I checked the number of Japanese counterparts he had during this period. How many do you think there were? There were ten in total. I wonder how many of their names Mr. Downer remembers. It must have been difficult to keep track of all the changes. I think I may count this as one of the challenges within our relationship, which is the title of today's discussion.

And so, without further ado, I would like to begin my talk to you by going over some of the background to Australia-Japan relations before moving on to more contemporary topics.

The emergence of Australia-Japan relations and Queensland

The history of interaction between our two nations dates back to before federation. It was during the late nineteenth century that Japan and Australia began their relationship, with Queensland playing a particularly prominent role in forging these

initial ties. Fifteen years after Queensland became a state in its own right, the first Japanese migrants to Australia arrived on these shores in 1874. These migrants went to work as labourers in the pearling and sugar industries located in Far North Queensland. Some indication of their impact on the region can be felt after visiting the 700 graves of Japanese migrants located on Thursday Island, one of the principal destinations for Japanese labourers.

In 1896 the Japanese government established its first consulate to Australia in Townsville, close to where many of the Japanese labourers were living and working. This consulate remained open until 1908.

Japanese Consulate in Townsville (1896-1908)



Japanese Consulate in Townsville



Then Consul Tayui and his wife (1903)

Present Day Australia-Japan relations

Turning to the modern era, while the Second World War proved to be an unfortunate period in relations between our two countries, the initial ties that had been forged provided support to the re-establishment of diplomatic relations, which in turn contributed to the rapid economic development of the post war era. After the painful experience of war, our relationship started to develop rapidly following the

ratification of the Japan-Australia Commerce Agreement in 1957. For forty years, Japan was Australia's largest trading partner. For its part, Australia has been providing Japan with its largest sources of energy and minerals. More than 70% of Japan's beef imports are from Australia, with a majority of that beef originating from Queensland.

Since I came to Australia, I have realized anew the closeness and depth of our relationship. This is my second visit to Brisbane in the short period of time that I have been here. I came here two weeks ago to attend the 48th Australia-Japan Joint Business Conference organized by Japan-Australia/Australia-Japan Business Cooperation Committees, which brought together by hundreds of top business people from both countries. I also had a chance to attend the opening ceremony for Clermont Coal Mine, operated as it is by Rio Tinto with the participation of Mitsubishi and other Japanese companies. Mitsubishi has been here in Queensland for more than 50 years.

I also went to Melbourne, where I visited Toyota's automobile plant. Toyota has been there for 50 years. Next week, I'm going to Melbourne again to see the Melbourne Cup. This also has a link to Japan, as one of the horses participating in this year's Melbourne Cup stems from Japan.

It is true that China has overtaken Japan as Australia's largest trading partner. However, I'm happy to report that Japan is still Queensland's number one trade partner. Though China remains an attractive market for Australians, I think that it is still important to acknowledge the many years of stable ties that have come to represent the relationship between Japan and Australia.

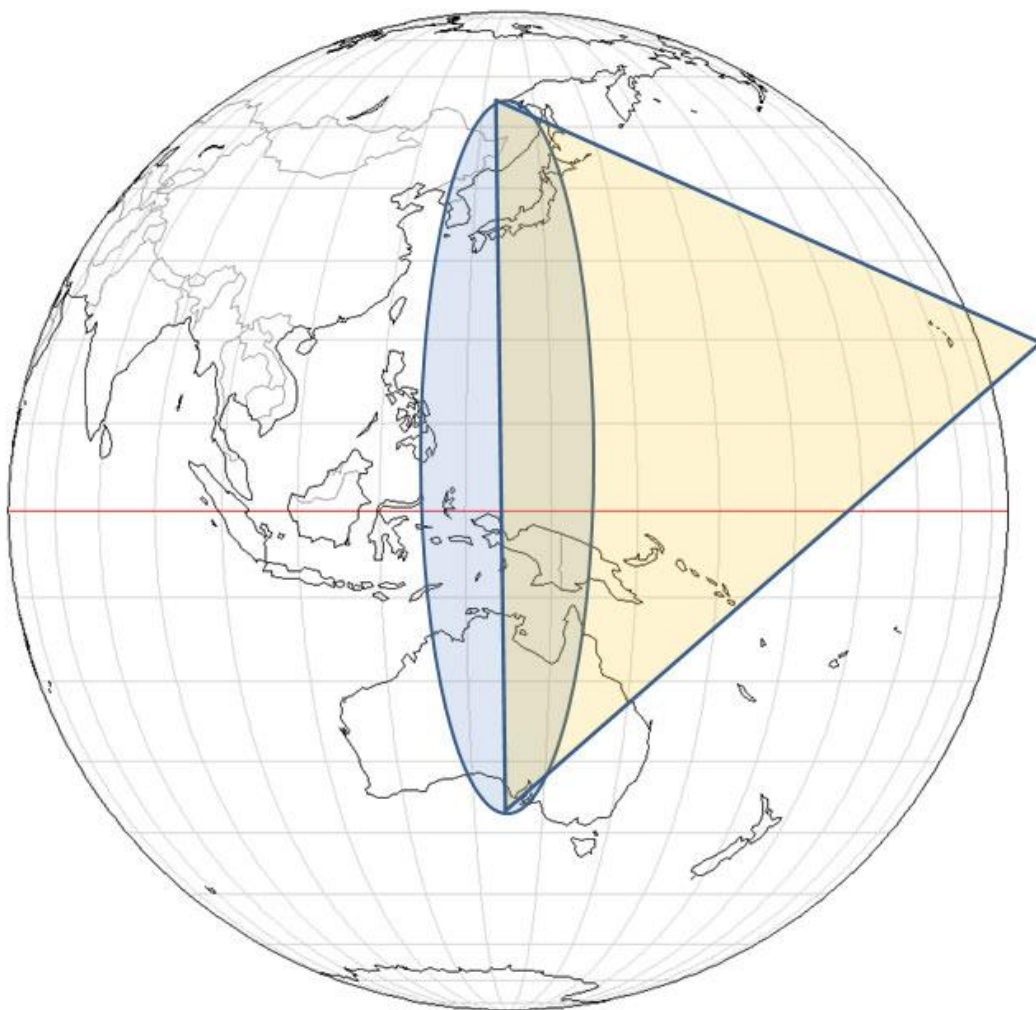
I could talk a lot more about our trade and investment relations as well as our grass-root exchanges, but I'd like to use the remaining time to focus on Australia-Japan relations in an Asian-Pacific context, an area that I believe has become more poignant in recent months in lieu of the debate between Greg Sheridan and Huguette White over the future stability of the Asia-Pacific, not to mention the East Asian Summit scheduled to take place in three days in which the United States and Russia

will be participating for the first time, and the APEC Leaders Meeting being hosted by my country in two weeks time. I would also like to use this context to touch upon our security cooperation, to which Mr. Downer made such significant contributions.

The importance of the Asia-Pacific to our two nations and co-operation to bring about regional peace and prosperity

To begin with, I would like to draw your attention to the following map in order to illustrate the importance of both Australia and Japan, as Asia-Pacific nations, to overall Asia-Pacific regional stability and prosperity.

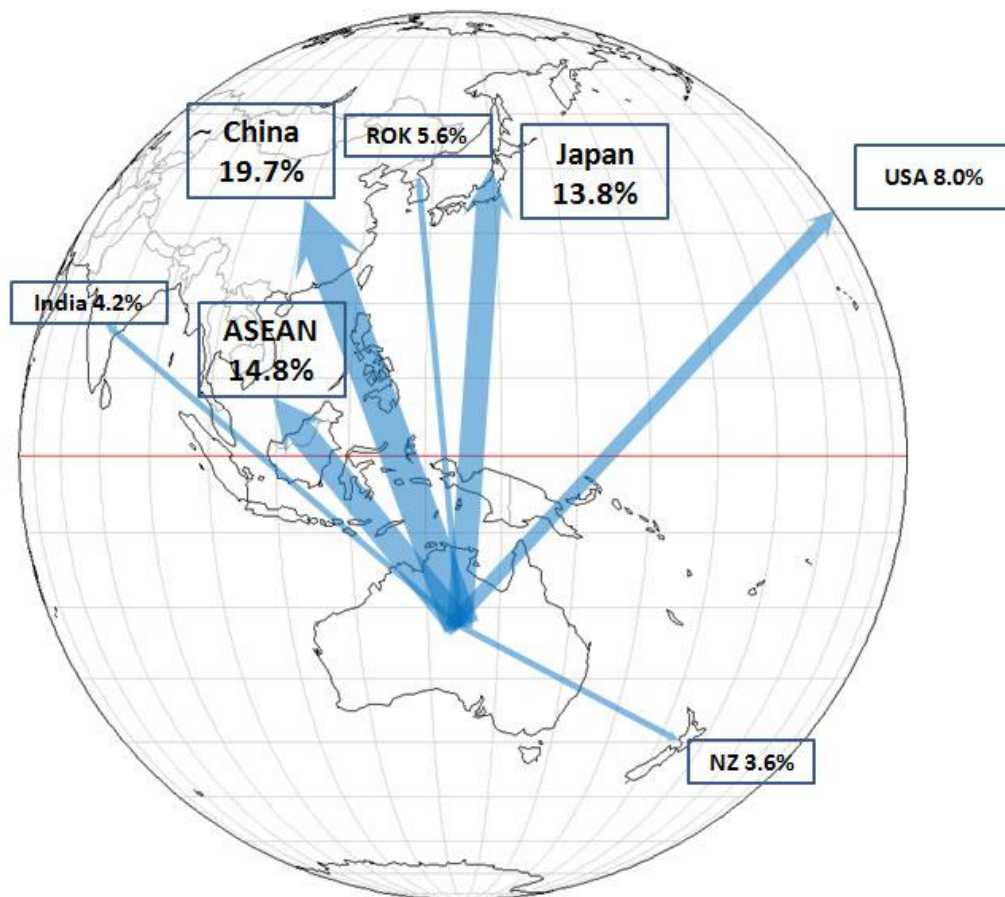
This is a map of the Asia-Pacific region:



As you can see, both Australia and Japan are located on the central axis running from the north to the south of the region. Although it is not displayed on this map, the tripartite alliance shared between Australia, Japan, and the United States plays a vital part in ensuring the continuation of stability and prosperity in this region.

Next, I would like to overlay the map with some figures illustrating both trade partners and the amount of trade conducted by Australia and Japan in the Asia-Pacific region.

Regional distribution of Australia's total volume of trade (2009)

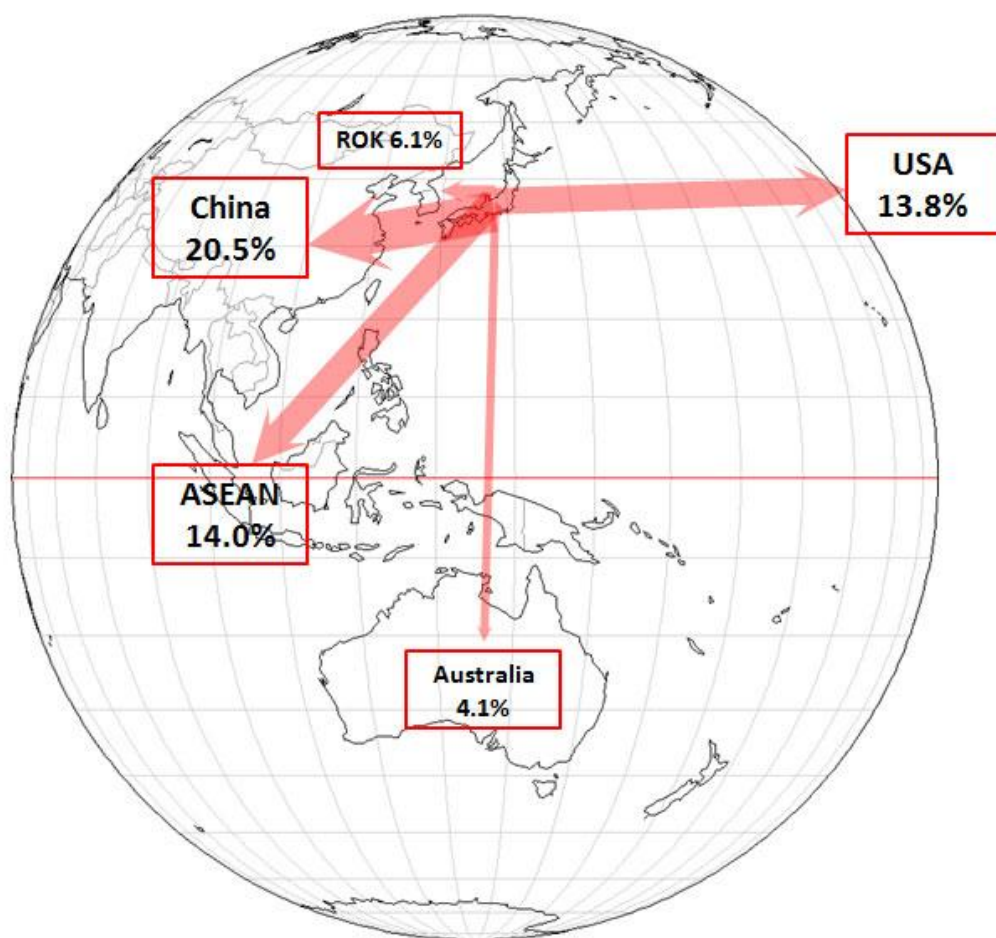


When we examine the regional distribution of Australia's total volume of trade for 2009 (combining imports and exports), we find that China accounts for 19.7% of total trade, followed by the 10 ASEAN nations with 14.8%. Japan accounts for 13.8%, then the United States with 8.0%, South Korea with 5.6%, India with 4.2%, New Zealand

with 3.6%. The region itself therefore accounts for about 75% of Australia's total trade volume.

Conversely, if we take a look at Japan's total volume of trade, China accounts for 20.5% of the total amount, followed by the 10 ASEAN countries with 14.8%. The United States then constitutes 13.5%, followed by South Korea with 6.1%, Australia with 4.1%. The Asia Pacific region itself thus constitutes more than 65% of Japan's total trade volume.

Regional distribution of Japan's total volume of trade (2009)



What these maps illustrate is the importance of the Asia-Pacific to both Australia and Japan. Our largest trade partners are all located inside the region. The stability and prosperity of the Asia-Pacific region thus is vital to both Australian and Japanese interests. For our two nations, who share the same basic set of values such as

democracy and human rights, it is only natural that cooperation between us continues for the sake of regional peace and prosperity, particularly through our mutual relationship with the United States.

Regional Co-operation

The collaboration between Japan and Australia for regional economic cooperation dates back more than 30 years. In 1980, then Prime Ministers Ōhira and Fraser established the “Pacific Economic Cooperation Council”. This year thus marks the 30th anniversary of the founding of the PECC. Based on this experience of cooperation, both Australia and Japan were instrumental in both leading the discussions on and laying the groundwork for the launch of APEC in Canberra in 1989. The establishment of APEC was prompted by the common interest for Japan and Australia to counter growing regionalism in Europe and North America at that time. Since its inception, Japan and Australia have been cooperating closely through APEC.

This year Japan will host the APEC Leaders Meeting. From the 13th to the 14th of November, leaders from across the region will gather at Yokohama where they are expected to debate growth strategies and greater levels of regional economic integration, two areas that require further cooperation in order to provide an environment that supports both “growth and stability” in the Asia-Pacific region.

East Asia is a different concept from the Asia-Pacific. When it was first conceived as a region, it usually covered both Northeast Asia and Southeast Asia. The annual ASEAN plus 3 Summit Meeting then shed further light on the concept of East Asia. At the inaugural East Asia Summit, some countries [like China and Malaysia] insisted that its membership should be the same as that of the ASEAN plus 3. Japan, however, argued for the inclusion of Australia, NZ and India, which was eventually accepted. In fact, Japan first explored the idea of an East Asian Community that included Australia and NZ as early as 2002, when it was expressed in then Prime Minister Koizumi’s speech in Singapore. Japan has always regarded Australia as an important partner in Asia and supported Australia’s efforts to closely engage with Asia. This year’s EAS will be held in Hanoi in three days time, with the US and Russia attending for the first time. As a

result of the participation of these two nations, expectations are that the value of this summit will exponentially rise.

Cooperation for regional peace and stability

Through close collaboration in the region, Japan and Australia have been strengthening their security partnership. We have strikingly similar policies in this area. We are the most advanced democracies in the region and share fundamental values of freedom and human rights. We also have the US as our closest ally, and wish it to maintain its presence in Asia. Maritime safety and freedom of navigation in the region are also vitally important for both of us.

The Japanese Self-Defence Forces and the Australian Defence Forces have cooperated with one another in a number of different theatres of operations, from Cambodia, East Timor, and Indonesia to Iraq. Recently, both forces have worked in tandem providing aid to those affected by the flooding in Pakistan.

Political/ Security : Bilateral Cooperation

- Int'l Peace Cooperation

- ☑ Cambodia(1992-93)
- ☑ East Timor(2002-04)
- ☑ Iraq(2005-06)

- Disaster Relief

- ☑ Indonesia(2005)
- ☑ Pakistan(2010)

-Counter terrorism

- Non-proliferation



Japan's Self-Defense Forces and Australian Defence Forces cooperating in Iraq

Using the results of such specific cooperation as a base for encouraging further joint effort in strategic security operations, in 2007 then Prime Ministers Abe and Howard signed the “Japan-Australia Joint Declaration on Security Cooperation”. As part of the implementation of the Joint Declaration, the Japan-Australia Joint Foreign and Defence Ministerial Consultation (or two-plus-two Ministerial Consultations) was convened and made a regular fixture for dialogue between our nations. Mr. Downer laid cornerstone by attending the inaugural two- plus-two consultations in 2007.

Political/ Security : Bilateral Cooperation (cont.)



The inaugural “2+2” Ministerial Consultations (June 2007)



The signing of the Japan-Australia Acquisition and Cross-Servicing Agreement (ACSA) (May 2010)

Australia currently only holds two-plus-two consultations with the United States and the United Kingdom although it is set to have another one with Indonesia. For its part, Japan’s only other two-plus-two partner besides Australia is the United States. As well as providing a forum for strategic bilateral negotiations, these consultations have contributed to the realisation of further partnerships and cooperation.

At the third two-plus-two consultations held in May of this year, both nations signed an Acquisitions and Cross Servicing Agreement (or ACSA). Through this agreement, the possibilities of cooperation between the Japanese Self-Defence Forces and the Australian Defence Forces in areas such as aid distribution and disaster relief will be expanded just that much further.

In order to secure the peace and stability of the Asia-Pacific region, however, the presence of the United States is indispensable. To that end, in 2006 Japan, the U.S, and Australia inaugurated a Trilateral Strategic Dialogue (TSD). Already four ministerial level discussions have taken place between the participating countries, with Mr. Downer himself attending the first and second discussions.

Trilateral Strategic Dialogue (cooperation with the US)



The inaugural TSD Ministerial Dialogue (March 2006)



The 2nd TSD Ministerial Dialogue (November 2006)



The 3rd TSD Ministerial Dialogue (June 2008)



The 4th TSD Ministerial Dialogue (September 2009)

Existing and future challenges

As we have seen, the relationship between Australia and Japan is an extraordinarily close one. It is a comprehensive, strategic relationship that transcends traditional economic and trade ties. Yet what are the challenges that lie ahead for our cooperation? In a word, I would say it is China.

This does not mean that China must be perceived as a threat. I have already mentioned the growing presence of China in Australia's economy. Indeed China has become the largest trading partner for both of us. It is therefore crucial that we maintain and develop good relations with China. While many countries in our region are expanding their economic ties with China, at the same time they are becoming increasingly worried about China's confrontational attitude, particularly in the South China Sea. Recent events in the East China Sea made the Japanese people feel uneasy about our relationship with China, and this feeling is not only confined to the Japanese. China is still growing both economically and militarily. What makes this issue difficult is China's unpredictability. Nobody knows for certain what the future holds for China. We must continue our concerted efforts to engage with China in order to bring about greater transparency regarding its intentions and policies. We all want China to be a responsible regional stakeholder, and I believe China can be. To that end, I believe that regional fora can play an important role in establishing the ground work for greater transparency.

As a result of my focus on the Asia-Pacific region today I have not touched upon subjects such as climate change and biodiversity, as well as issues of more global relevancy such as the economic crisis and financial problems. There are indeed a great many issues that require bilateral cooperation between our countries if they are to be overcome.

For example, in relation to climate change, I'm aware that Queensland leads the nation in the application of advanced methods of resource management. Through endeavours such as the Callide A Project, a joint Australia-Japan initiative, cooperation in the fields of clean coal technology and carbon capture and storage

(CCS) continues to produce positive results. For a major coal exporting country like Australia, and Japan, which possesses the world's most advanced clean coal technology, continuing cooperation benefits both nations and makes a meaningful contribution to the resolution of problems associated with climate change. I can only hope that further examples of such specific cooperation emerge soon in the near future.

There is one issue, however, which I cannot avoid, and that is whaling. As is often said, this is the only obstacle impeding what are otherwise excellent relations between Australia and Japan. In order to ensure that this particular problem does not in any way damage the good relations between our two countries, it is essential to manage it in a manner that keeps any negative effects to an absolute minimum. The violent and unlawful acts perpetrated by Sea Shepherd only serve to make things worse.

Conclusion

And so, I wish to extend my thanks to Griffith University for inviting me here today. It has been a privilege to visit Brisbane twice in such a short period of time. I wish I could come again next month when the Ashes are on so that I could feel something of the atmosphere around the Gabba, but this will have to wait until another time. Thank you very much.