

**Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT)  
(Wednesday, 9 September)**

**1. Introduction**

- **My first overseas diplomatic posting was actually here in Canberra from 1981 to 1983; yes, a long time ago, 34 years ago. I came to Canberra as a most junior officer. After many years, once again I arrived in Canberra in April this year after serving in NY as Consul General. Some people asked me, “So what is the difference between now and then in Canberra?” In response, I would say Canberra has changed in various ways but the most impressive change for me is how much the Japan-Australia relationship has deepened and broadened.**

**2. Australia and Japan—key partners in the region**

- **There is no doubt that Australia and Japan are key economic partners in the region, but in addition to this, geographically the two nations are located in the north and south of the western part of the Pacific, like a “bookend” on either side. I think Japan and Australia are more than economic partners. We are strategic partners in this region; a partnership on which we can cooperate in many respects (issues).**
- **Our two countries have enjoyed a very good relationship supported by our long-standing, mutually complementary economic ties. One remarkable development in our bilateral relationship is the Japan-Australia Economic Partnership Agreement which came into force in January this year thanks to your support. This agreement provides valuable impact for both Japan and Australia. Our economic ties have expanded from the traditional trade of energy, mining and automobiles to a much wider one involving agribusiness, transportation, housing infrastructure and M&As.**

- Today, I have brought with me some materials for your reference, which show major projects that Japanese companies have been engaged in across Australia in various business areas. Since time is limited today, I won't explain these handouts in great detail, but I don't think it is an overstatement to say that Japanese companies are already an indispensable part of your community, more so than most other countries.
- To explain briefly, there are three handouts. The first handout details major projects and investments related to Japanese companies, of varying stages of development. It begins with the most established projects concerning mining and resources, and slightly more recently: LNG, which is covered on the second page. As you will see in these materials, Japan has over 100 years of history of investment in major mining projects, and many LNG projects have in fact been driven by Japanese companies. The third and fourth pages cover the newer, expanding areas of agriculture and infrastructure and development projects. Examples include beef, grain, dairy, horticulture and fishery industries, as well as infrastructure developments such as rail, roads, water and urban development.
- The second handout set examines the Japan Australia Economic Partnership Agreement which came into effect in January this year. As outlined here, we can already see tangible results from the reduction of tariffs on beef and wine in particular. Furthermore, we are seeing a growing number of M&As, especially in service industries. Japanese investment is welcomed by Australian companies. Recently, Japan Post purchased TOLL. A Japanese telecommunication company, NTT, purchased Oakton. A Japanese human-resource company, Recruit, purchased Peoplebank and Chandler Macleod. We are in the

midst of a dynamic economic transition in both of our countries and there is great potential for both sides.

- The third and final handout gives a general overview of the Japan Australia relationship, which has been described by our leaders as a 'special relationship'. It includes aspects of our political, economic and people-to-people exchange.
- Over the years, but especially since the EPA, Japanese companies have been very keen to find high quality investment opportunities outside of Japan, and Australia is a highly stable and attractive investment destination for them. As you can see in these materials, Japanese companies' support for Australian economic growth and commitment to building strong, cooperative relationships with local communities is now seen in a wide range of areas. Further details and examples of our expanding economic relationship can be seen in these materials.
- Equally important developments have recently been made in our defense and security fields. In July, I observed the Talisman Sabre in Darwin. In all of the bilateral training exercises conducted by Australia and the U.S. until now, 40 Japan SDF personnel embedded with the U.S. forces participated in the exercises for the first time. This training exercise is something that will not only strengthen our interoperabilities but make our three nations even closer. And this is only the beginning.

### **3. Submarines**

- Now, please allow me talk about the submarines, which is a very important topic for both our nations. I believe that if Japan is chosen as a partner—and we want to be chosen as a partner—it will be a huge step forward for our bilateral defense cooperation, as well as for our

**trilateral strategic cooperation with the U.S., as Japan and Australia are both allies to the U.S.**

- I am fully aware that employment and economy are key issues in Adelaide at present. In late August, a high-powered Japanese delegation visited Canberra, Adelaide and Perth and engaged with nearly a hundred Australian companies. In fact, I too visited Adelaide last week and met with Premier Wetherill and others. I think we had a very meaningful conversation.**
- Now, I would like to make this crystal clear. There is no secret deal whatsoever between PM Abe and PM Abbott. We will respond sincerely to the Competitive Evaluation Process and the Australian requirement to submit all three options; namely, Japan-built, Australia-built and Hybrid options.**
- Furthermore, in so doing, for each of the three options we will develop a package that will maximise the Australian industry involvement without sacrificing submarine capability, cost or schedule. In my recent trip to Adelaide, I got the impression that leaders in Adelaide are very focused on both jobs and skills. They don't want to lose their skill sets, which will decide the future of their State.**
- I believe that technology is one crucial aspect that should never be overlooked in the submarine discussion. I can assure you that Japan has a world-class conventional submarine technology, which we have never shared with anyone, even with the U.S. until now. Japan's Soryu-class submarines are among the worlds most advanced. They possess the most advanced capacity, for example, for stealth and low noise, making them ideal as an oceangoing submarine. They boast an outstanding performance in operation with proven reliability. To date,**

no major glitch has ever occurred and the submarines are highly evaluated in situations of joint exercises with other countries. We have every confidence in our submarines and their ability to meet the needs of Australia.

- I want to stress another critical point. In the case of Japan, the whole process to respond to the CEP is managed under a close government-to-government consultation with the Australian side. In addition to the two prominent Japanese companies Mitsubishi and Kawasaki being fully involved, in our case, you have the total commitment of the Japanese government. Please note that we are not seeking this for any short-sighted commercial purpose. We are thinking of this in a much broader strategic context.

#### **4. Regional environment**

- Now, let me move on to the regional environment. When we say that “We are facing new challenges with dramatic changes in the region’s strategic environment”, what is the biggest issue?
- People often say that it is the “rise of China”. In a way this is correct, but in another sense this is not accurate. Haven’t we said that “we welcome the rise of China?” There is no denying many countries have benefitted from Chinese economic growth, including our two nations. A country becoming richer and rising to the fore in itself should not be a negative thing. India is a rising country and Japan also used to be one.
- I believe the greatest challenge when a country rises up, is in whether that country adheres to the rules of the international community or disrupts the existing rules-based order. Until now, we have taken the rules-based order or the “rule of law” for granted. However, we have

now come to a point where we need to take steps to uphold rules-based order constructively.

- **We need to continue to engage China. A second Japan-China bilateral summit meeting was held in April in Indonesia and the bilateral relationship is continuing to improve. We are very keen to hold Japan - South Korea - China trilateral leaders' meeting as well. Furthermore, we hope to see once again more vibrant, friendly and cooperative political and economic relations between Japan and China emerging while China adheres to international rules and global standards.**
- **However, to deal with China is a very complex task. We have a lot at stake in the Asia-Pacific, which is a growth center of the world. Its peace, stability, and prosperity are of paramount importance to the countries in the region as well as to the international community. That is why I believe in rules-based order rather than unilateral, forceful actions. Without proper guidance based on the rule of law, ongoing political and economic stability and prosperity would not likely be sustainable. There comes a certain responsibility that like-minded, advanced free market economies, namely, Australia, Japan and the U.S. should take on in the Asia-Pacific.**
- **There are a number of countries which are concerned about China's unilateral actions, such as large scale land reclamation and the construction of facilities for military purposes, which are intended to change the status quo and increase regional tensions. Our three countries have taken a common position and declared that we are all strongly opposed to the use of coercion or force to unilaterally change the status quo. We need to continue to project our consolidated voice to China at the highest-level possible.**

- It is also important for us to give appropriate support to ASEAN countries to effectively contribute to maintaining and enhancing the security of the region's international waters and skies. We should provide them with necessary maritime capacity building assistance.
- After all, I believe political security is closely intertwined with economic security. Therefore, we place particular importance on achieving high-standard regional economic partnerships through the TPP (Trans-Pacific Partnership), RCEP (Regional Comprehensive Economic Partnership), and FTAAP (APEC-wide free trade agreement) because these mega-FTAs will provide a significant push for the Asia-Pacific. Both Japan and Australia are negotiating parties to all three of these mega-FTAs. We need a strong economic engine as well to ensure regional vibrance and prosperity. Once the TPP is concluded, I hope it will be a game-changer for the regional economy including Japan and Australia.

#### **5. Japan's own effort**

- Before I conclude, let me briefly share with you Japan's own efforts as well. At present, the Government of Japan is putting its full efforts to Japan's Legislation for Peace and Security. Simply put, it is based on the underlying belief that 'no nation alone can maintain its own peace and security'. Therefore, there is a need to further strengthen the deterrence of the Japan-U.S. alliance.
- Moreover, Japan must make a greater contribution to the international community. Japan's Legislation for Peace and Security is currently discussed at the House of Councilors. Once it is enacted, Japan will be able to cooperate more than before in various Peacekeeping Operations and activities by the United Nations. The range of

activities in which Japan will be able to engage, will expand significantly. I must emphasize here, however, that there will be no change in the basic position and posture that Japan has maintained over the past 70 years as a peace committed nation. Certainly this is a manifestation of the policy of “Proactive Contribution to Peace” based on the policy of international cooperation. In this regard, please let me extend my gratitude to the Australian Government for strong support to our efforts.

Thank you very much.