

**Australian Foreign Minister Bob Carr**

**Address to the Japan National Press Club**

**May 18, 2012**

**CHECK AGAINST DELIVERY**

## Introduction

Thank you very much. It's a great honour for me to address the National Press Club of Japan on my first visit here as Australia's new Minister for Foreign Affairs.

I've been in the job two months and I've given a very high priority to being in Japan.

I first visited Japan as Premier of New South Wales, which is Australia's most populous state, and since then I've been left with a deep impression of the great beauty of Japan – drawn to its culture and its long history – and reminded of the cleverness, the industry and the resilience of its people.

The resilience of the Japanese people was confirmed to all the countries of the world as they dealt with the tragic events of March 2011 and embarked on reconstruction.

The warmth Australia feels for Japan was reflected in our response to the tragic events.

Australian Prime Minister Gillard visited in April 2011 - the first visit by a national leader to the disaster affected region.

And in the wake of that disaster Australia:

- Sent a 76 member search and rescue team
- We donated \$10 million to Red Cross Japan
- We deployed three C-17 transport aircraft to move more than 500 tonnes of relief stores, food, water
- And we transported specialised pumping equipment from Western Australia to help bring the Fukushima nuclear power plant under control

As an Australian I'm proud of our response.

It confirms the relationship between Australia and Japan is a partnership between friends.

I am both fortunate and honoured to be here in my new capacity.

I look forward to carrying on the good work of my predecessors who, with their Japanese counterparts, have worked over many years to bring a successful, valuable and valued relationship into being.

## **Australia-Japan Relationship**

Japan is Australia's closest partner in Asia.

Our relationship is broad and it embraces:

- Trade and investment
- A strategic and defence partnership
- Global and regional cooperation
- Education and tourism

On trade...

I was surprised to learn that the first coal was exported from Australia to Japan in 1865 - before the Meiji Restoration.

The first wool was exported to Japan in 1888.

And of course, the trade relationship has developed over more than a century to become broad, significant and two-way.

It's interesting to note that, in 1897, the Japanese opened a consulate-general in Sydney.

I'd love a historian to go through the records, the diplomatic records, and find out what were the reports about the move towards the federation of the Australian colonies that came about in 1901 – what were the views of the colonial, and then later of the early Australian politicians. It would be an interesting exploration.

What's striking as well is that trade has increased significantly in the last decade.

Australian exports to Japan have more than doubled over the last 10 years – from \$24 billion in 2001 to \$50 billion last year.

And then there's investment. Japan is the third largest direct foreign investor in Australia.

Japan's total investment in Australia represents a portfolio of \$123 billion. That's both portfolio and FDI.

This includes major investment by INPEX in the \$34 billion "Ichthys" Liquid Natural Gas project in northern Australia – with construction commencement announced only this morning by Australia's Prime Minister.

Huge Japanese investment in liquid natural gas from northern Australia.

This will be the largest ever single investment by a Japanese company in an Australian project.

It's proof positive that our relationship is every bit as significant as it was when it was pioneered in the 1950s.

That LNG will be a significant and reliable source of energy for Japan.

Bear in mind as well that Australia is Japan's largest and most reliable supplier of energy and a major supplier of other resources.

High food safety standards mean that Australia can be one of Japan's largest and most reliable sources of clean, safe food.

We're the biggest supplier of beef. We're a key supplier of other staples in the Japanese diet – wheat, sugar, dairy products.

Think of it this way: Australian exports underpin Japan's energy and food security.

And in return, Japan has been over many decades, our most reliable customer.

## **Bilateral trade – Free Trade Agreement**

Our economic relationship will be taken further through a Free Trade Agreement or as it's known in Japan, an Economic Partnership Agreement.

A high quality Free Trade Agreement will be good for Japan and good for Australia.

There has been recent progress on negotiations but after five years however, businesses in Japan and businesses in Australia are looking to both our governments to close the deal.

With continuing global economic uncertainty, a high-quality Free Trade Agreement or EPA is a growing imperative.

Later this month my colleague, Trade Minister Craig Emerson, will visit Japan in an effort to move the negotiations forward.

Uncertain global circumstances mean we now face other economic challenges.

We know of the problems caused for Japan by the appreciation of the yen against other currencies.

We understand this because the Australian dollar has, over the last four years, appreciated significantly against other currencies including the yen.

A higher Australian dollar, a higher yen, create particular pressures for Australia and Japan as exporters.

Our countries have much to learn from one another on this common challenge.

And we both have much to gain from promoting stability and economic growth in Europe and in the United States.

That's why we welcome the Noda Government's initiatives to open the Japanese economy still more.

Australia welcomes Japan's interest in joining the Trans Pacific Partnership, or TPP.

As a supporter of free trade we welcome, the announcement on May 13, that Japan, China and the Republic of Korea will enter negotiations by year's end for a Free Trade Agreement of their own.

We will watch with interest as negotiations advance.

### **Strategic and defence partnership**

The shift in global economic power to Asia, and the pace and scale of change, make Australia and Japan even more important to one another.

That's why on this visit I have focussed on further strengthening our strategic partnership.

An economically strong and internationally engaged Japan is vital to Australia's and the region's security and prosperity.

And the Australian Government acknowledges Japan's economic reform agenda.

On this visit, I have discussed with Japanese Ministers the scope for us to further deepen bilateral defence and security cooperation, and that includes peacekeeping and disaster relief.

I look forward to welcoming the Japanese Foreign and Defence Ministers to Australia for the next 2+2 meeting to further advance this cooperation.

Our two countries are working together to set a date.

Australia's and Japan's bilateral and trilateral security ties are increasingly important to both countries.

There remains scope for even more cooperation.

Only last night, Foreign Minister Gamba and I signed an Information Security Agreement to create the framework for increased information exchanges over time.

The ability to communicate classified information effectively is crucial to building strategic partnerships, so this is a very important development.

The Information Security Agreement builds on the Acquisition and Cross-Servicing Agreement, or ACSA, signed at the last “2+2”.

The ACSA, when ratified, will enable easier sharing of supplies and services between our Defence Forces.

These legal frameworks have practical consequences.

They mean, for example, that the Australian Defence Force and the Japanese Self Defence Forces will be able to work more effectively together to assist with disaster relief in our region.

And Australia and Japan have good results in this area.

Our forces have worked together on peacekeeping in Iraq, disaster relief in Pakistan and the reconstruction in East Timor.

And of course, our forces worked side by side following last year’s tsunami here in Japan.

On overseas aid, we are also stepping up efforts to co-ordinate our respective programs – with the signing of a memorandum of understanding between Australia’s AusAID and Japan’s JICA last year.

All this is about advancing the nature of our relationship so that it becomes a true partnership – one of mutual benefit and of benefit to our region.

And one which means that when something happens in our region, our first thought is to talk to each other and work out what we can do together.

## **Global and Regional Cooperation**

Australia and Japan share a commitment to democracy, the rule of law, openness and competitive markets.

These are shared values. Democracy, rule of law, openness, competitive markets.

So we have a lot to gain from working closely together in global fora to achieve shared objectives and that means as well regional security, nuclear non-proliferation, climate change and liberalisation of global trade.

We think, that is Australia, like Japan, we think it is vital for the United States to have a continuing role in the Asia-Pacific.

We view the US-Japan alliance as fundamental to regional stability.

Australia, like Japan, has a strong interest in continuing to develop mutually beneficial relations with China. We have a strong interest in seeing China play a constructive role in a rules-based, international order.

Established realities are being challenged as the economies of China, India, Brazil and other nations grow and as they rise, or in the case of China, re-emerge, into the ranks of major world powers.

In doing so, they are transforming their economies and raising the living standards of hundreds of millions of people.

Japan and Australia benefit from these developments.

Growth in these economies – China, India, Brazil and others – increase demand for our exports. They create opportunities for our companies – they make our populations wealthier too.

But these changes are eroding existing certainties.

Bigger economies, naturally seek military strength commensurate with their economic power.

But clarity around the purpose of that strength will help others to accept this as a natural development.

Make no mistake, the re-emergence of China, and the rise of India and others is desirable.



Last month in Washington, I made this point in relation to China's economic growth:

Few could be untouched, I said, by what it means for the Chinese people – liberated from poverty, historic poverty; few would be reluctant to see this renewed China take its place in the councils of the world.

But this observation applies equally to many other countries

The challenge for all of us is to work together to create the environment where all concerned accept it's in our own best interests to participate constructively and adhere to agreed norms of behaviour.

The institutions that govern international relations are under pressure to reform, and to become more representative.

On this visit, I have emphasised the importance Australia attaches to working with Japan at the United Nations and in the G20 and in the East Asia Summit.

Japan and Australia have been major stakeholders in the existing regional structures.

We are both key allies of the major security guarantor for the region – the United States.

And, this is important, we have a track record of working together on major projects to create international public good.

More than 20 years ago, Australia and Japan took the lead in negotiating the creation of Asia Pacific Economic Cooperation , APEC.

APEC now encompasses all key Asia-Pacific economies and is working to facilitate economic liberalisation throughout the region.

In 2008, Australia and Japan also brought together a group of eminent persons – the International Commission on Nuclear Non-Proliferation and Disarmament - chaired by former Foreign

Ministers Evans and Kawaguchi - to create a blueprint, with a noble objective, to rid the world of nuclear weapons.

Since then we have, with Germany, formed cross-regional groups of Ministers to pursue the non-proliferation goal.

And by 2011, Australia and Japan had also worked with others to bring key regional players - the United States and Russia - into the East Asia Summit, thus cementing the EAS as the central forum for discussion of regional political issues.

It's clearly in our interests to continue this type of co-operation.

And we welcome Japan's active role in shaping our regional environment.

On this visit I have had discussions with Japanese Ministers a range of issues of mutual interest to Australia and Japan including:

- There's the threat posed by North Korea
- There is the support needed for reform in Burma
- There are developments in Afghanistan
- There are concerns about Iran's nuclear program and, of course,
- climate change

And we have discussed the ways we can work together to achieve the best outcomes on matters like these in bilateral discussions and in multilateral fora.

## **Conclusion - Australia and Japan in the Asia Pacific**

In this century, the Asia-Pacific will be at the forefront.

Managing these challenges properly, will make this century one of opportunity.

Australia, as a creative middle power committed to multilateralism, will be looking to work with Japan to realise these opportunities.

Thank you very much.