

43rd Australia-Japan Joint Business Conference
of
The Australia-Japan Business Co-operation Committees

Chairman's Summary
Tuesday 13th September, 2005

Mr Morgan,
Delegates

The 43rd Australia-Japan Joint Business Conference has taken place from the 11th-13th September, 2005 in Nagoya, site of the Aichi World Exposition. Active discussions were held throughout the five plenary sessions by the Japanese delegation of 126 members and the Australian delegation of 83 members, with the total of 209 members.

In his keynote address titled "Stable Development of the World Economy and the Roles of Japan and Australia", Mr. Toyoo Gyohten analyzed the rapid development in the Asia-Pacific region and key issues which lie underneath, indicating to which direction both Japan and Australia should move forward to. In other words, whilst the two countries are positioned in between nations such as China and India where rapid progress is taking place together with many risks and uncertainties on one end of the Pacific, and the US still maintaining its peerless influence on the other end, further enhancement of economic, social and political relationship by Japan and Australia functioning under the mature market economics would be indeed crucial.

Plenary sessions were carried out with discussions touching on 5 important issues of the Outlook on the Japanese and Australian Economics, Agribusiness, Resource & Energy; Environment and the Deepening of Japan-Australia's Engagements.

The 1st plenary session was chaired by myself, with Mr. Doug Bartley as co-chairman.

Regarding the outlook on the Japanese and Australian economics, Mr. Tatsuro Tanaka emphasized on the Japanese economy overcoming its issues of the so called 3 excesses, namely the hollowing of investment, hollowing of employment and deflation pressure, straightening up its economic structure.

Dr. Ken Courtis signaled some key challenges for the Japanese economy such as huge financial deficit problems, aging society issues and its necessity to undergo a dynamic structural reform.

Dr. Courtis also referred to the steadiness of the progress on structural reforms the Australian economy has undertaken, which has been continuing since the 1980's, and the necessity of Australia's enhancement in strategic relations with the Asia-Pacific region including China and India.

On the 2nd plenary session, I have requested Mr. Minoru Murofushi and Mr. Ross Adler to chair and co-chair, where open discussions were held to tackle challenges in the agribusinesses.

Mr. Yuki Takagi emphasized the importance for the Japanese agriculture to undergo structural reforms on one hand, while establishing a flexible trade structure to allow the co-existence of this business. He held an opinion highlighting the difficulty to abolish import tariffs in areas of beef, wheat and sugar, which consist of more than half of the Japan-Australia agriculture trade, referring as a sensitive product to Japan.

Mr. Eihachiro Nakazawa, while understanding the general movement of WTO, FTA and EPA, commented the necessity for modest considerations viewing the differences in the surrounding background of the two countries.

On the other hand, Mr. Peter Gallagher repeated that opening free trade market for agricultural trade would in fact benefit Japan, improving agricultural productivity and consumer purchase power, enhancing food security. Mr. Grant Crothers also pointed out that FTA would not be a threat to Japan, but in fact will support the development of food process industry in Japan and for this reason tariffs and non-tariff trade barriers should be abolished.

In the 3rd plenary session, discussions on broad issues over resources and energy were carried out with Mr. Shigeji Ueshima as chairman and Mr. David Maxwell as co-chairman.

Whilst demand from China for resources is increasing rapidly, Mr. Shozo Nishizawa pointed to the necessity in securing mid- to long term supplies from a standpoint of the steel industry, and also for strenuous quality control and maintenance of competitive price from a standpoint of utilizing lower quality resources.

Mr. Susumu Makino introduced the utilization of lower quality nickel ore by one of the wet process known as high pressure acid leaching (H-PAL).

Mr. Yoshihiko Sakanashi explained about the Japanese energy sector being pressured to resolve 3 issues at the same time in achieving security of supply, meeting environmental standards and pursuing economies. In order to clear these issues, Mr. Sakanashi supported diversification, including revaluation of civil nuclear power, introduction of new energy sources using market mechanism and the Kyoto mechanism which could be put in place.

Mr. Tim Harcourt conducted a broad analysis of Australian trade, particularly in export, describing not only the traditional resource and agriculture products, but also over industrial products, professional services and information technology areas and the direction where these industries are heading to.

Mr. Mitchell Hooke pointed out that structure of resource trade is changing upon the emergence of the BRICs nations and a new plateau of demand is now seen. Mr. Hooke explained that Australia is working to expand its supply not only for new demand but also to comply with demand from its traditional customers such as Japan. However, he pointed out there are safety and environment and trade and investment restrictions which need to be removed.

Both demonstrated the growing metal demands per capita as income increased in low levels with particular illustration of previous experience of Japan and Korea and possible consequences by reference to China and India.

Both referred to very heavy investment in the resource sector responding to current demand but noted difficulties of shortages of skilled labour, regulatory impacts and rising cost of materials.

The 4th plenary session was a panel discussion on environmental issues. With Professor Ryoichi Yamamoto as a coordinator, Mr. Hiroshi Urano, Mr. Kiyoshi Masuda, Mr. Jeff Cochrane and Mr. Steve Waller participated as panelists to introduce each of their measures on environmental issues from their stand points. There is not enough time to introduce each of them at the moment, however, Professor Yamamoto presented in detail some corporate eco-product projects and green purchasing network activities.

Mr. Urano described plans to meet the Kyoto Protocol targets, the new rationalization in energy use law, initiatives by the Keidanren (Japan Federation of Economic Organizations) through actual technical examples.

Mr. Masuda indicated that Toyota aims to promote comprehensive environmental management, environment friendly production of cars, further recycling parts and to co-exist with society, and presented some examples such as the pursuit of developing an ultimate eco-car using hybrid technologies, and the “Toyota Recycle Vision” which targets to create a sustainable society through recycling.

Mr. Cochrane presented the Anglo American Group's challenge to gasify coal and also to store CO₂ gas through liquifaction.

Mr. Waller commented on the importance of LNG, which has lower emission of global warming gas, with abundant and economical reserves, which could promote Japan and Australia multiple business opportunities.

In the final 5th plenary session, Mr. Noriaki Hori and Mr. Ian Williams chaired and co-chaired the meeting to discuss the deepening of Japan-Australia engagements.

Ambassador Ueda emphasized that Japan-Australia relation is not only an economically complementary one through trade relations, but much diverse through fields of politics, national security, social and cultural areas, in light of the respect among both people for values such as human rights, democracy, individual freedom and market economies.

Mr. Nobutaka Ishikure mentioned that through efforts of both Japan and Australia to attract tourists, plans to achieve 20 million Japanese overseas travelers and

Tourism Australia's plans for 1 million Japanese tourists to Australia is certainly possible, and it could be expected to gain further deepening of engagements between the Japanese and Australians.

It was also mentioned that there is an expectation for further development in wide range of exchange through the 2006 Year of Exchange between the two countries.

Mr. Chris Renwick commented that in order to enhance relationship between Japan and Australia, there is a need to go one step further to our business models and to promote new areas where Australia is competitive such as IT industries, sports medicine and education. Mr. Renwick also mentioned that Japanese capital could promote Australian venture investments in small and medium size corporations.

Mr. Ron McNeilly also proposed that from a future oriented perspective, there is a necessity to expand engagements in the field of education, IT, cultural services, biotechnology and so forth.

As mentioned above, I feel we were able to discuss profoundly the important themes surrounding the Japan-Australia relationships.

Finally, we wish to deeply thank all the members who have participated in the speeches and discussions, the chairmen and co-chairmen of all plenary sessions for their efforts and contributions put to this meeting.