

**Congratulatory Address by Prime Minister Yasuo Fukuda (Draft)**  
**at the 45th Japan-Australia Joint Business Conference**  
**on Monday, October 22, 2007 at 9:00 a.m.**  
**at the Fuji Room, Imperial Hotel, Tokyo (3F)**

Chairman Imai, Chairman Eddington, Ladies and Gentlemen:

I am delighted to have the opportunity to speak at this Forty-fifth Japan-Australia Joint Business Conference today. This year marks the fiftieth anniversary of the signing of the 1957 Agreement on Commerce between Japan and the Commonwealth of Australia, and my giving a speech before so many Japanese and Australian business leaders at this important milestone is a true indication of the extent to which exchange between our two nations has progressed. Japan and Australia have cultivated truly strong and comprehensive ties in the past half century or so, and Australia is one of Japan's key partners in the Asia-Pacific region today.

Looking back on history, we remember that our Agreement on Commerce was signed in 1957 when memories of World War II were still fresh in people's minds, including the exchange of fire between our two nations. I understand that the signing of the agreement triggered a major political debate at the time. Successfully formed, thanks to the courageous decision of our predecessors who desired and worked hard to ensure that our nations would advance, this agreement became the cornerstone of the strong bilateral partnership centered on economic ties that consequently developed. In recent years, Japan-Australia relations have grown into a comprehensive strategic relationship, including not only trade and investment, but also politics and security. In addition, Japan and Australia are actively working to ensure the peace and prosperity of the Asia-Pacific region and the international community.

The Japan-Australia Joint Business Conference has been held annually in either Japan or Australia on a reciprocal basis since the first Conference in Tokyo in 1963, and has played a pivotal role in promoting Japan-Australia economic relations.

Today, I would like to congratulate the fiftieth anniversary of the signing of our Agreement on Commerce and to speak about three specific areas of cooperation, which I believe will continue to guide our relationship over the next fifty years.

The first area of cooperation is on the economy in which all of you here are most interested. The economic relationship between Japan and Australia has developed on a highly complementary basis, with Japan importing energy resources from, and exporting automobiles and machineries to Australia. Japan depends on Australia for over 50 percent of its imports of coal and iron ore that are indispensable to Japan's industry. The Japanese tend to associate Middle Eastern countries with energy, but in fact Australia is Japan's main supplier of natural gas (LNG) and uranium. Thus, Australia stands alongside the Middle East as a major energy supplier to Japan.

In the area of food, Japan depends on Australia for nearly ninety percent of beef imports, and the term "Aussie beef" has spread nationwide. Moreover, the recent increase in wheat prices caused by the record drought in

Australia and the resulting hike in *udon* noodle prices have been reported in the news. Food supply situation in Australia has a direct impact on food budget of Japanese household. It is no exaggeration to say that Australia is a major and indispensable partner for the Japanese economy and the Japanese people.

In addition, Australia is an important market for our industrial products. I understand that about half of automobiles sold in Australia are Japanese.

It goes without saying that the main driving force of our economic relations comes from the private sectors of both countries, but the governments of both countries have also been making efforts to improve the business environment. We are cooperating closely with each other to reach an early conclusion to the Doha Round negotiations under the World Trade Organization (WTO).

Furthermore, we decided to enter into EPA negotiations in December last year, in the wake of the intergovernmental joint study, which commenced in 2005 and concluded that a comprehensive, WTO-consistent EPA between Australia and Japan would contribute to the further strengthening of the strategic relationship between the two nations.

The first round of EPA negotiations was held in April this year, and the third round is now scheduled for this November. I would like to see the negotiations feature constructive discussions that contribute to deepening the economic relationship, including stable supply of natural resources and energy, while taking into full consideration each side's sensitive areas.

In addition to the EPA negotiations, I wish to continue our efforts to directly facilitate your day-to-day economic activities. More specifically, the Governments of Japan and Australia signed the Agreement between Japan and Australia on Social Security in February this year, thereby resolving the issue of double payment of pension premiums. In August this year, the Governments of Japan and Australia reached an agreement in principle to revise the Convention between Japan and Australia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

To further develop our strong relationship in the next fifty years, it is important to nurture young generations who will support the future of our relationship. From this perspective, the Government of Japan will start from next year to invite to Japan about fifty young professionals, mainly from Australia's business community, who we hope will uphold our future partnership, thereby promoting mutual understanding.

As I have described so far, the Governments of Japan and Australia currently undertake a wide range of initiatives to further advance our economic relations, and I believe our economic relations will continue to have new frontiers to explore in years to come. First of all, our economic relationship should be enhanced in a way that cultivates new areas, despite the continuing importance of the traditional trade and investment ties centered on energy resources and industrial products. For instance, considering the active exchange of people in recent years, partnership between Australia and Japan could expand in such areas as tourism, education, and research and development. High-tech industries such as information communication and technology and biotechnology also appear to be promising.

Secondly, our cooperative relationship will have greater regional implications in the future, not only bilateral ones. Our cooperation facilitated the various achievements in APEC 2007 hosted by Australia, and we, as a host country for APEC 2010, will continue to cooperate with Australia to promote regional cooperation.

The second area of cooperation concerns security. In recent years, Japan-Australia relations have also progressed in the area of security, which contributed to the stability in the region. Amid the rapidly changing international situation, Japan engages in diplomacy with the aim of contributing to world peace, and we have continued to cooperate with Australia on security issues. It is still vivid in our minds that Japan's Self Defence Forces and the Australian Defence Force worked together to support the reconstruction of Iraq. Our two countries also have a fine record of cooperating in UN peacekeeping operations in Cambodia and East Timor.

Growing interdependence and globalization in the international community today are resulting in great benefits, enabling the movement of people, goods, money, and information at a speed never seen before. At the same time, we are now concerned that even security issues in regions geographically distant from Japan may pose a threat to or have a negative impact on Japan. It is difficult for a single nation to address such issues alone. Particularly in the Asia-Pacific region which still faces many security challenges, including North Korean issues, it is becoming increasingly important that countries work together to tackle the issues. In this context, strengthening security cooperation between our two nations—which share basic values and are allies of the United States—will contribute greatly to the peace and stability of the region and the international community.

Our third area of cooperation is on climate change. Globalization is causing a variety of global issues, and action to address global environmental issues cannot be delayed if we are to create a sustainable society. For next year's G8 Hokkaido Toyako Summit, climate change and global environmental issues have been designated as policy priorities of paramount importance. I believe that it is possible for humankind to continue to pursue economic development, while ensuring harmony with the global environment and that we need to find a way to achieve compatibility between environmental protection and economic development. Japan, in particular, boasts the world's highest-level technologies in the areas of the environment and energy and can make a significant contribution towards achieving the compatibility of economic development and the environment.

Japan has proposed the "Cool Earth 50" initiative which sets the long-term target of cutting global greenhouse gas emissions from the current level by half by 2050 as a common goal for the entire world. The proposal offers three principles for establishing an international framework from 2013 onwards. Japan has also urged other countries to accept, support, and cooperate in this endeavor.

In the Joint Statement on the Enhancement of Cooperation on Climate Change and Energy Security issued at the Japan-Australia Summit Meeting in September, Australia recognized Japan's initiative as "a major and positive contribution to the global efforts on a new climate change framework," and our two nations confirmed their intent to strengthen bilateral cooperation in the areas of climate change and energy. For instance, our two nations participated in the Ministerial Meeting of the Asia-Pacific Partnership on Clean Development and Climate held last week in India, where many countries witnessed our close cooperation and confirmed the effectiveness of a sectoral approach through public-private sector collaboration. Based on this joint statement,

Japan will promote cooperation with Australia as a key partner in global action to prevent global warming.

Ladies and Gentlemen:

As I have already mentioned, our nations can play a leading role in the peace and prosperity of the Asia-Pacific region and the international community by furthering our bilateral cooperation. Measures involving both the public and private sectors are crucial to achieve this. Many business community leaders from our two countries are participating in this conference, and I believe this is an indication of the high expectations that both sides have for the enhancement of our ties. I am confident that our relationship will develop further, and the Japanese government is committed to fully playing its part in achieving that.

In closing, I would like to extend my best wishes to you for the success of this conference and for the further development of your Business Cooperation Committees.

Thank you.

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