

45th Australia-Japan Joint Business Conference

21st - 23rd October 2007

JOINT CHAIRMEN'S STATEMENT

Sir Rod Eddington,
Delegates

The 45th Australia-Japan Joint Business Conference was held during 21st - 23rd October 2007 in Tokyo, where this conference took place 6 years ago, consisting of 141 members from the Japanese delegation and 89 members from the Australian delegation, with the total of 230 members.

This year commemorates the 50th anniversary of the Agreement on Commerce between Australia and Japan, and we were honoured by a special address by the Prime Minister of Japan, Mr. Yasuo Fukuda at the beginning of the conference. Mr. Fukuda stated that mutual ties between Australia and Japan are extremely strong, based on our so called "comprehensive strategic relationship", covering three areas, namely the economy, national security and global environment. By further enhancing mutual cooperation between Australia and Japan, based on shared fundamental values, it will be possible to play a leading role toward peace and prosperity in the Asia-Pacific region as well as in the international society. In order to achieve this goal, Mr. Fukuda stressed the importance of taking various measures by both the public sector as well as the private sector, and that the Japanese government is willing to play a pivotal role in this regard.

We have also received a congratulatory message from the Prime Minister of Australia, Mr. John Howard that noted our conference marked the 50th anniversary of the Agreement on Commerce between Australia and Japan. Mr. Howard commented that "our free trade agreement negotiations present a similarly important opportunity to develop an agreement that will underpin our economic relations over the coming 50 years."

Our conference featured lively discussions of issues affecting the

business lives of delegates. The areas covered were energy and food security; business involvement in clean development strategies related to climate change; the exploration of new opportunity sectors. The conference ended with a session that considered the future directions of the bilateral commerce.

The 1st plenary session was chaired by myself, with Sir Rod Eddington as co-chairman. In this session, the discussions focused on the critical issues of energy and food security. Mr. Jitsuro Terashima referred to the changing global environment and stressed that it is important for Australia and Japan, which have a mature relationship, to seek solutions to the “potential uneasiness” stemming from strong global economic growth and its increasing impact on the environment - often referred to as “climate change”. These impacts are global but particularly affect the Asia-Pacific region. Mr. Terashima also touched on the importance of including the U.S.A., China and Russia in Asia-Pacific responses and of governance activities in international society. He offered suggestions on the roles that Australia and Japan could play within this framework.

On the energy issue, Mr. Sumitaka Fujita stated that policy to secure interests in resources required cooperation between the public and private sectors. He repeatedly stressed that especially Australia, which holds one of the world’s largest natural gas reserves, is an important partner for Japan.

Mr. Don Voelte referred to the long term history of the bilateral LNG trade. He noted that as a response to climate change issues, LNG was increasingly adopted as one component of government responses. There was rapid growth in the LNG sector within Australia which would increase its trade partnership with Japan.

Mr. Mitsuyasu Iwata illustrated that a growing share of energy generation was scheduled for nuclear power because it had low greenhouse gas emissions. He therefore observed that it was important for there to be an increase in uranium mining in Australia to meet global demand. Mr. Iwata asked for the support of both the Australian and the Japanese governments

to encourage this expansion.

Regarding the area of food, Mr. Yoshikiyo Fujii mentioned that it is important to create a balanced perspective on agriculture, so that both Australia and Japan will mutually gain benefit. Food security had many dimensions that included but also extended beyond, bilateral concerns.

Dr. Peter Barnard referred to the food supply balance that has developed over recent years in Japan and the tension established between becoming more import dependent whilst establishing unrealistic self sufficiency targets. After noting the shift in global food supply/demand balance, he therefore suggested that true food security would be best achieved through means other than high priced protection against food imports.

In the 2nd plenary session, I asked Mr. Akio Mimura and Mr. Ron McNeilly to chair and co-chair the session respectively. In this session, after an update on the Asia Pacific Partnership on Clean Development and Climate Change (APP), four of the eight Task Forces established under APP were considered.

First of all, Ministry of Economy, Trade and Industry (METI) Mr. Kazuhiko Hombu explained the organization, the activities, the action plans and so forth of APP and he pointed out the necessity to further progress the cooperative relationship between government and industry.

Mr. Ron Knapp addressed the activities occurring in the “Cleaner Fossil Energy” and “Aluminium” Task Forces whilst Mr. Hideaki Sekizawa spoke of those happening regarding “Steel” and Mr. Shigemi Tamura addressed the “Power Generation and Transmission” industry Task Forces. Each speaker confirmed how essential it was for sector-wide cooperation between the public and private sectors. The importance of sharing best practice lessons and breakthrough technologies were also confirmed.

In the 3rd plenary session, discussions on future opportunities for Australian and Japanese business were carried out with Mr. Shigeji Ueshima as chairman and Mr. Ian Williams as co-chairman.

Mr. Peter O'Byrne referred to the rapidly growing "service" sectors of Australia and Japan as generating many new opportunities to supplement the existing "resources", "energy" and "commodity" links. He particularly referred to financial services and innovative technologies in biotechnologies, pharmacology, in ICT and environmental protection. Mr. O'Byrne also observed the many opportunities arising in regional centres of Japan.

Mr. Tadashi Izawa indicated that there are promising business areas such as the field of high-technology, tourism, agricultural products like citrus fruits and interaction with local industry.

In the 4th plenary session, Mr. Shimpei Miyamura and Mr. Ross Adler AC acted as chairman and co-chairman respectively, and discussions took place on challenges and opportunities regarding the business for climate change.

Mr. Yoshio Ishizaka from the automobile industry mentioned that environmental image has become a big marketing advantage, and that social contribution having large impact will be possible when social needs and business efforts match with each other. Mr. Ishizaka touched on this subject by introducing various concrete examples.

Professor Paul Hardisty observed that emissions of greenhouse gases (GHGs) are still widely unpriced in many parts of the world but that they are rapidly becoming one of the key sustainability matrix reported by companies in their annual sustainability reports. He commented that business decision-making can be profoundly affected by a comprehensive understanding of the implications of the convergence, overtime, between the marginal and the true/social cost of carbon. Professor Hardisty urged companies to evaluate their costs within the context of the rising cost of carbon and its impact on the internal rates of return of sustainability options.

Mr. Hidetsugu Otsuru from the electrical appliance industry addressed that coexistence with global environment is necessary to fundamentally recognise

such concept as an indispensable condition for companies to survive. By introducing various concrete examples, Mr Otsuru stated that in order to solve the environmental issue, the need is there not only to change business activities but also to alter the social system based on citizen's sense of value.

Mr. Sumitaka Fujita chaired and Mr. Doug Bartley co-chaired the 5th plenary session, where discussions were held on cooperation between Australia and Japan in the new business areas, such as education, health care and financial services.

Professor Richard Larkins AO stated Australian universities recognised that collaboration between universities and with industry both domestically and internationally is necessary to remain internationally competitive in research. He believed that there was significant value adding for our two countries if we developed programs to encourage greater collaboration between our universities in both high level educational exchange and in collaboration in research and technology.

Mr. Hatsuo Aoki analysed the current situation and the structural problem of life science area in Japan, and he mentioned the necessity for Japan to plan fundamental strategy with the government, the public and private sectors working together, and the need to connect such strategy with concrete action plans in the Asia-Pacific region.

Mr. Tatsuo Tanaka cited his view that financial institutions of Australia and Japan taking leadership roles by work together toward the financial needs for resource and infrastructure development, environmental measures etc., which are envisaged to increase in the Asian region in the future, will lead to prosperous and sound financial market situation in the Asia-Oceania region.

Mr. Michael Tilley noted the importance of the export of services to Australia's economic success. He suggested that strategic partnerships and alliances were the key to success in a global services based economy. In such arrangements the partners bring their respective strengths and skills to work together. In the financial services sector, Mr. Tilley, believed that there were opportunities for partnership to provide new products and

services within Australia and the East Asia region.

The last and the 6th plenary session was a panel discussion on future prospect of Australia-Japan relationships and toward its materialisation. With Mr. Akira Kojima as the coordinator, Professor Shinichi Kitaoka, Emeritus Professor Peter Drysdale AM, Sir Rod Eddington and myself stated views from their stand points on the Australia-Japan relationship.

Professor Kitaoka stated that the enhancement of national security relationship between Australia and Japan, which have become politically strategic and important partners, was not only important to cope with untraditional threat and to achieve stability in the South East Asia region but also important toward stability on a global basis.

Emeritus Professor Drysdale noted that both countries have brought a strategic dimension to the economic partnership by working together to support cooperation and development in East Asia, for instance through APEC and the East Asia Summit. The new regional economic context has arisen in part because of the success of the Australia-Japan relationship. But it will require both sides to manage the future of the relationship as an instrument for delivering our shared regional and global economic and political goals. Given that there are unresolved bilateral issues with respect to the economic relationship, then there was a need for something beyond the EPA/FTA currently under negotiation if both countries are to achieve their regional and global objectives. Professor Drysdale concluded by stating that it is through economic cooperation that there is the best prospect of defining a common set of regional interests and a common purpose. It is also in the economic sphere that there is the best prospect of building convergent institutional and political forums and processes across the Pacific.

Sir Rod Eddington encouraged all who are engaged in promoting the bilateral linkages to seek its further development with the foresight displayed by those persons who signed the Australia-Japan Agreement on Commerce 1957 and with the ambition for the relationship's success demonstrated by many of our business predecessors. Referring to the

dynamism of the East Asia region, Sir Rod stated that the interlocking nature and depth of the economic, political and security dimensions of the relationship was unique. The challenge of building an East Asian community meant that it was imperative that we be ambitious for the bilateral relationship. For business, that means the success of the EPA/FTA negotiations as well as building momentum by the AJBCC and JABCC to encourage the establishment of new commercial linkages with a bilateral or regional orientation.

I mentioned that because Australia and Japan have a 50 year history of exchanging ideas and working cooperatively, that I have the confidence that if our governments and our business communities were to continue to meet in that same spirit, then, there is nothing to be worried about in the future.

As closing remarks of this conference, based on the acknowledgement that an early conclusion of EPA/FTA is indispensable for further development of Australia-Japan relationship, this joint business conference unanimously adopted a joint statement to encourage both countries to act toward the goal of early conclusion of comprehensive EPA/FTA.

As I mentioned, this year commemorates the 50th anniversary of the Agreement on Commerce between Japan and Australia to mark the new start, and I believe that we were able to deepen our discussions very much toward further development of Australia-Japan relationship in the future.

Last of all, I would like to sincerely thank all of the members who participated in the speeches and discussions, the chairmen, co-chairmen and coordinator Mr. Kojima of all plenary sessions for their efforts and contributions put toward this conference.