

TOKYO SEES DEAL AS WAY TO DETER RISING CHINA

Japan links subs to regional stability

EXCLUSIVE

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Japan's foreign affairs and defence ministers will link their pitch to build Australia's new submarines to the need for a much stronger three-way strategic relationship with Australia and the US at talks in Sydney tomorrow.

Japanese Defence Minister Gen Nakatani yesterday said Japan's bid for the project could help ensure the region's maritime security.

"We believe that our submarine co-operation with Australia is not a simple transfer of technology, but we are doing it with a view to further strengthening our relationship among Japan, Australia and the United States to further contribute to the peace and stab-

ility of this region," Mr Nakatani said after a tour of ASC's Adelaide shipyards.

"If Japan is selected as the preferred tenderer we are sure that we will further deepen strategic ties between our two countries, not only limited to the submarine co-operation but also to other areas."

Foreign Minister Julie Bishop and Defence Minister Marise Payne will host Mr Nakatani and Japan's Foreign Affairs Minister Fumio Kishida for the bilateral talks.

Mr Nakatani said the meeting would include a "frank discussion" about tensions in the South China Sea, regional security and greater bilateral defence co-operation.

In a separate interview with *The Weekend Australian*, Mr Kishida strongly backed the recent US Navy's freedom of navigation exercise in the South China Sea, which contested Chinese

sovereignty over reclaimed islands.

Mr Kishida also said he was confident that Japan's bid to build Australia's next submarine would be "the best option for Australia".

He said the Japanese government had responded to a request for help from the Australian government, and had developed a proposal which maximised Australian industry involvement and jobs.

Japan has also sent an influential academic to Australia who argues that if Japan wins the deal to build up to 12 new submarines, it will allow greater strategic co-operation with its larger fleet and the US to provide a credible deterrent to China.

Professor Naoyuki Agawa, from Kieo University, was sent to Australia ahead of the talks to explain the changes in his country's defence posture to audiences

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NAOYUKI AGAWA
KIEO UNIVERSITY

here and to assess how the change of prime ministers in Canberra might affect the relationship between the two nations.

Professor Agawa said that by itself, Japan could not hope to match the growing military power of China. One solution was for like-minded countries such as the US, Japan and Australia to work together.

"Japan could take a little more active role in working with our allies and friends," he said.

Japan has 16 attack submarines though it is likely to increase that number significantly. "Australia is very important for Japan's security," Professor Agawa said. "And Australia is showing its interest and willingness to work more closely with Japan in the area of security."

The movement towards a closer security relationship began under Tony Abbott and Japan was keen to see if it would continue under Malcolm Turnbull, Professor Agawa said.

He said that if the Japanese submarines worked closely with eight or 12 from Australia, and others from the US, that would comprise a very formidable force.

"No country can match China's power but by putting our resources together we don't have

to fight but we can have a very good deterrent," he said.

"If the Chinese decide to expand further out into the region effective submarines will give us the capability to watch what they are doing."

The US and Japanese navies worked closely together, he said.

"This submarine thing is not bilateral," Professor Agawa said. "This is trilateral. The US has a lot to say about this. They welcome this joint project very strongly. There should be a way to establish a very solid submarine industry in this country, working with Japanese technology and people."

It was vital, he said that the three navies could operate together with standardised equipment.

Professor Agawa said he believed that for strategic reasons the US would be keen to see Japan win the contract to provide Australia's submarines ahead of

France and Germany. Because Japan could not have nuclear-powered submarines it had developed the world's safest, most efficient and stealthiest conventionally powered submarines.

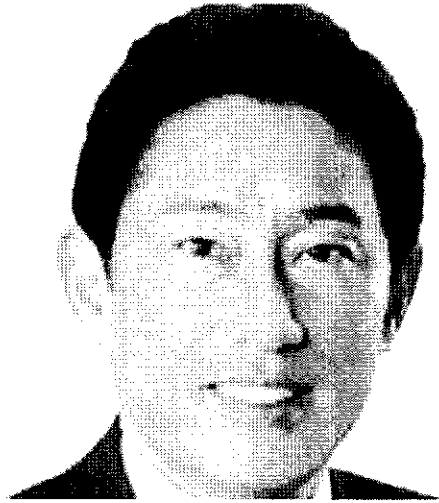
"Do you like the idea of working closely with Japan in the security area for the next 40 years? I strongly believe that navy to navy relations mean people to people relations and I strongly believe it is vital that we share experiences and this submarine project is a wonderful opportunity for our two navies and our two peoples to accumulate that experience," Professor Agawa said.

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... for Greg Sheridan's interview with Japan's Foreign Minister Fumio Kishida at theaustralian.com.au

'Japan and Australia share a special relationship'

By Greg Sheridan, The Australian, November 21, 2015 12:00AM



Japan's Foreign Minister Fumio Kishida

The transcript from Greg Sheridan's interview with Japan's Foreign Minister Fumio Kishida.

Greg Sheridan: The Former Prime Minister, Mr Abbott, sometimes described Japan as an ally of Australia. What do you think is the significance of your visit to Australia this time? How far can the Japan/Australia security partnership go and would this be enhanced by Japan building the new submarines for Australia?

Fumio Kishida: Japan and Australia share a "special relationship" based on common values — including freedom, democracy, human rights and the rule of law — and mutual strategic interests. I believe that cooperation between Japan and Australia across a wide range of areas makes a very direct and significant contribution to the peace and security of the Asia-Pacific region. I look forward to deepening the invaluable relationship of our two countries even further with the Turnbull Government.

I am very happy to be visiting Australia again. This trip is the first visit to Australia by Japanese Cabinet ministers since the swearing in of Malcolm Turnbull and his ministry in September. It is also my first visit to the country in two years. During the visit, Defence Minister Nakatani and I will hold the 6th Japan- Australia 2+2 Foreign and Defence Ministerial Consultations with Foreign Minister Bishop and Defence Minister Payne. I will also separately hold a foreign ministerial meeting with Minister Bishop.

With a view to enhancing the peace and stability of the Asia-Pacific region, I hope this visit will contribute to further strengthening the security and defence relationship of Japan and Australia. I also anticipate that the visit will assist in advancing the close and expansive cooperation engaged in by our two nations.

Regarding Australia's Future Submarine Program, taking into account the strategic significance of bolstering bilateral defence and security cooperation between Japan and Australia, as well as trilateral cooperation involving the United States, Japan responded affirmatively to a request from the Australian Government to participate in the Program's selection process.

The Japanese Government, together with other Japanese stakeholders, is developing a bid that seeks to fully address the requirements set out by the Australian Government, including those relating to maximising both the involvement of Australian businesses and training opportunities for Australians. Accordingly, Japan will submit proposals for all requisite build options, including the option of building the submarines entirely in Australia. When considered from a comprehensive, long-term position, I am absolutely confident that Japan's bid will be the best option for Australia, and that collaborating on the Future Submarines Program will play a very significant role in deepening and expanding the defence partnership of Japan and Australia.

Greg Sheridan: Does the Minister believe that the recent US freedom of navigation exercise in the South China Sea was helpful, and does he support it happening again, and would it be useful if other countries conducted such exercises?

Fumio Kishida: When actions such as the large-scale reclamation of land and the construction of military facilities are taken unilaterally in the South China Sea, this disrupts the status quo and heightens regional tensions considerably. Such actions are a matter of common concern to the international community.

In order to protect the free, open and peaceful sea, it is crucial that the international community stands together. Concerning the recent action of the United States, this was entirely consistent with international law and Japan supports the action as being that of a responsible leader of the international community. Japan's support for the United States on this issue is resolute and will not.

Japan will continue to stress to the international community the importance of ensuring that the rule of law is upheld in relation to maritime issues. Regarding the countries directly concerned, Japan's view is that it is crucial that the relevant nations respond to regional and global issues in a constructive and cooperative manner that affirms and widens support for international norms.

Greg Sheridan: How significant for Japan was the FTA with Australia and likewise the trans-Pacific Partnership?

Fumio Kishida: In economic terms, the Japan-Australia EPA (JAEPA) is deeply significant to Japan as Australia is the largest trading partner we have ever entered into a bilateral EPA with. Bearing in mind that Japan and Australia share common values and interests, the importance of the Agreement to Japan is also underscored by the fact that it has contributed and will continue to contribute in very meaningful ways to strengthening the overall ties of our two countries.

JAEPA is an expansive agreement that covers areas including trade, investment, intellectual property, competition and government procurement. From the perspective of advancing economic cooperation within the Asia-Pacific region, establishing a comprehensive deal between Japan and Australia has already made a major contribution to developing a more complete set of economic rules for the region, including those that will be introduced under the trans-Pacific Partnership.

For Japan, the progressive removal of tariffs enabled by JAEPA is heightening the competitiveness of Japanese businesses in the Australian market. As Australia is a major supplier of energy, mineral resources and food to Japan, I also believe that JAEPA will contribute substantially to further strengthening the stability of the supply of these goods to Japan.

To assist in taking full advantage of the immense opportunities afforded by JAEPA, representatives of government and the business communities of Japan and Australia gathered in Tokyo in October to hold a meeting of the Sub-Committee on Promotion of a Closer Economic Relationship. The group discussed matters relating to the energy and resources sectors, and sought to identify new areas of potential growth for the two countries. Participants expressed their commitment to harnessing the complementary strengths of Japan and Australia and concurred to continue to promote dialogue among members of both the governments and business communities of the two countries with a view to expanding bilateral economic cooperation in new ways moving forward.

Regarding the TPP, the Agreement ambitiously seeks to establish a free and fair, "single economic sphere" within the Asia-Pacific region. The deal establishes new rules covering a wide range of areas and will greatly enhance the effectiveness of efforts to engage with the

economic growth of the region. Japan also sees the TPP as one of the core elements of the country's own growth strategy.

By liberalising the movement of people, goods, capital and information, the TPP will serve to better connect not only major corporations, but also small-to-medium sized businesses and the industries of the region with the markets of the Asia-Pacific, which is now considered to be the growth centre of the world. I also anticipate that the deal will play a very positive role in attracting foreign investment to Japan.

I would also like to emphasise that in strategic terms, deepening economic interdependency among countries that hold the same basic values is of immense importance to ensuring not just the prosperity, but also the stability of the region.

Greg Sheridan: Will the Japanese economy return at any point to robust growth? Is this possible with Japan's ageing demographics?

Fumio Kishida: In order to tackle the challenges associated with Japan's decreasing birthrate and ageing population, it is necessary to take steps including: (1) increasing the participation of women, young adults and older persons in the workforce; (2) boosting added value by investing in technology and human capital; (3) utilising innovation to stimulate demand and growth through more extensive engagement with international markets. The task is not an easy one. However, in order to realise the "productivity revolution" required by Japan, it will be essential to respond to our present challenges comprehensively and by utilising a wide range of policy measures.

In this respect, cooperation between Japan and Australia is again greatly important. For example, owing in no small part to considerable efforts made to promote Japan as a travel destination, over the course of 2014, visitors from Australia to Japan increased by roughly 60,000 people.

Harnessing the advantages of the minimal time difference between our two countries, as well as the fact that our seasons are opposite to each other, I am very keen to continue to build a win-win relationship for Japan and Australia in the area of tourism.

Concerning agriculture, seizing opportunities presented by the conclusion of JAEPA and the TPP, Japan seeks to adopt a more proactive posture in relation to agricultural goods. In essence, we want to utilise the present high levels of international demand for Japanese food to boost our own agricultural exports.

Moreover, a business model is emerging whereby Australian agricultural products cultivated in the north of the country can be exported to ASEAN markets by utilising advanced Japanese transportation technology. In this connection, opportunities to collaborate in order to develop the infrastructure needed to support these exports is also being considered, not only with respect to Japan and Australia, but also in relation to third countries. I believe there is vast potential in this area that has yet to be tapped.

It is my sincere wish that this visit will assist in further strengthening the economic cooperation of Japan and Australia, and thereby contribute to generating positive outcomes for the economic development and prosperity of our region as a whole.