

AUSTRALIAN POLITICAL EXCHANGE COUNCIL

TWENTY-SECOND AUSTRALIAN DELEGATION TO JAPAN

8-14 MARCH 2014



DELEGATION

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Federal Member for Longman

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State Member of the Legislative Council, New South Wales

Senator Nova Peris OAM (Australian Labor Party)
Senator for the Northern Territory

Mr Pat Conroy MP (Australian Labor Party)
Federal Member for Charlton

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Executive Summary

The 22nd Australian Delegation to Japan participated in a wide ranging program which included meetings with members of the Japanese Parliament (Diet), prominent representatives of Japanese industry and government officials. The visit was hosted by the Japanese Ministry of Foreign Affairs.

The delegation visited Kyoto, Hiroshima and Tokyo.

The exchange was an extraordinary valuable opportunity to gain an understanding of Japanese politics, culture and society, and to form relationships with senior political and business leaders.

The hospitality extended to the delegation was outstanding, with our hosts going above and beyond to ensure the visit was a great success. Our sincere thanks to representatives of the Ministry of Foreign Affairs for hosting a fruitful and enjoyable visit.

Delegation Report

Hiroshima

On the first day of official engagements, the group visited the Hiroshima Peace Memorial Museum and were guided on their tour by Deputy Director Mr Noriyuki Masuda.

At the museum, the delegation heard the moving personal testimony of an atomic bomb survivor. At the time of the bombing she was in her third year of Junior High, located 2.3 kilometres from the hypocentre. The victim was working at the time of the bombing in a factory manufacturing war planes. When the bomb hit, she was trapped under the two story wooden factory with friends. The survivor recounted how she tragically lost her father and many friends.

The survivor told the delegation how she now wishes to rid the world of nuclear weapons and believes that progress is possible if the known nine nuclear powers completely disarm. The survivor told the delegation how she saw it as a survivors' duty to pass on this message to future generations.

The delegation also met with Mr Yasuyoshi Komizo, Chairperson, Hiroshima Peace Culture Foundation. Mr Komizo told the delegation of how in the pursuit of a nuclear weapon free world we must;

- Be mindful of the diversity of humanity;
- Recognise that as human beings no one should suffer as they have;
- Recognise that we belong to the same human family; and
- Focus on future generations, recognising that big change comes with younger generations. It is incumbent upon us to give them a source of inspiration.

The Chairperson also shared about Mayors for Peace. He outlined that there were a number of challenges to the mission of Mayors for Peace including a disconnect with the younger generation of Japanese who see themselves as part of a more globalised world and question if other nations are nuclear armed, and Japan is not.

The Chairperson outlined the potential to use the membership of the Mayors for Peace to lobby key people, like key Senators and Congressmen, to sign the Nuclear Test Ban Treaty.

Tokyo

On Day two of the program, the delegation met with the Ministry of Economy, Trade and Industry (METI) in Tokyo. The Ministry was represented by Mr Hideyuki Ohashi - Deputy Director-General for IT Strategy, Mr Mitsuo Matsumoto, Director, Office of International Affairs and various other officials.

The Ministry gave a brief on the Japanese economy, with a particular focus on the technology industry and its contribution to the economy. Currently, 7.66 million Japanese are employed in this sector with 1.24 million in electronics and 790,000 in automotive IT. The Ministry outlined how lower value added production is heading overseas to Asia necessitating growth of new IT industries. Additionally, Japanese based production still has a very significant market share in image sensors for smart phones, small to medium LCD panels, LED chips, NAND flash memory, lithium-ion batteries and micro-computers for the auto industry.

The delegation heard that Japan is very keen to retain market lead in these product divisions and believe that technological innovation is essential to achieve this as other Asian economies are catching up. The Ministry also outlined how the wider economic situation is affecting these industries. They stated that the impact of 'Abenomics', principally the depreciation of the Yen, has increased corporate profits in the sector, but this is countered by the declining product prices due to global competition, global oversupply and slower growth in flat screen TVs. This has led to the need for aggressive investment in growth industries.

METI's strategy is to shift competitiveness from new businesses utilising IT and data to creating new industries by integrating businesses in different fields via IT and data, and integrating IT with existing industries. They have a particular focus on growing service sectors as they only make up 70 per cent of the Japanese economy which is low for an advanced economy. The focus will be on integrating IT and service industries to lift competitiveness of Japanese service industries. They see great potential in creating new markets by utilising 'big data'.

The delegation heard that the Japanese government is providing a mixture of tools to address these emerging issues. The Government is giving support to start-ups and entrepreneurs through joint ventures and also providing targeted financial assistance. There exists a R&D tax concession and some corporate tax concessions for new production facilities.

The delegation also met with Mr Seiji Kihara, Parliamentary Vice-Minister for Foreign Affairs. Mr Kihara stated that the Australian Political Exchange Council has a long history with former delegates now in senior positions in Australia and Japan, including the Hon Andrew Robb AO MP, the Hon Bill Shorten MP and the Japanese Foreign Minister. Mr Kihara expressed his desire for the Australian Political Exchange Council delegation to deepen relations with Japan and said he was looking forward to high level visits from Prime Minister Tony Abbott and Foreign Minister Julie Bishop in coming weeks. He stated that the relationship is based on common values and he would like to further elevate the relationship. There is strong mutual interdependence between Japan and Australia. This is the basis for the free trade agreement (FTA) and increasing Japanese investment in Australian energy resources is a sign of this. Their growth strategy based on increased foreign trade, and the free trade agreement and the Trans-Pacific Partnership (TPP) are important to this strategy.

Mr Kihara stated that the agricultural sector is a challenge when it comes to negotiating trade between Japan and Australia but Prime Minister Abe has stated that he would like to reform the sector. Regarding the Great East Japan Earthquake, Mr Kihara was Deputy Head of the Liberal Democratic Party reconstruction body and expressed his gratitude for Australian assistance. Post the earthquake, a new nuclear regulatory authority overseeing recommissioning of nuclear power plants was established. There currently are 50 nuclear power plants in Japan with another 15 planned, but there is uncertainty as to whether the additional

15 will be built. The Government is reconsidering the energy mix with LNG, coal and oil expected to increase their shares. Therefore Japan needs a strong trading relationship with Australia.

Mr Kihara expressed his support of the new Colombo Plan and said that he would like hundreds of students to be placed in Japan.

The following day, the delegation met with Members of the Diet, including members of the Japan – Australia Parliamentary Friendship League. There were two meetings held with Diet members of the Japan - Australia Parliamentary Friendship League. The first meeting was with representative of the Democratic Party of Japan and the second was with Liberal Democratic Party. During both meetings the Australian Delegation and Diet members were given an opportunity to discuss a broad range of issues of interest to both countries including future energy options for Japan, broad economic and security issues and the constitutional reform agenda. The Australia-Japan Free Trade Agreement was discussed in detail as well as the likelihood of a TPP Agreement. The delegation heard that negotiations for the FTA have been slower than expected due to the impact of the earthquake of 2011 and that agriculture remains an issue of concern for some, although the agricultural industry is reducing, as the average age of those working in the industry is 60 years. Discussion was also held on the Diet composition for the respective parties, the challenges for the opposition and their need to restructure and the challenges for a Coalition Government to implement their agenda.

The Australian delegation was also given the opportunity to visit the Edo Tokyo Museum. The visit gave members an opportunity to learn more about Japanese history and culture. In exploring the Edo Era, the delegation was able to find how the city of Edo was built, daily life of the people, and learn about the industries and cultural activities through original exhibits, scale models and panels. As part of the Tokyo Era exhibition the European and American influences can be seen with the start of the Meiji Era. Tokyo experienced the industrial revolution, the Great Kanto Earthquake and then a period of reconstruction following WWII.

The delegation also met with the Japan-Australia Business Co-operation Committee, represented by Mr Yoshihiro Okabe. This meeting provided the Australian delegation with an overview of the 52nd Japan-Australia Joint Business Conference, which will be held in Darwin in October 2014. The Committee expressed their gratitude for Australia's support for Tokyo's successful 2020 Olympic bid. Discussions were held regarding means to increase investment by Japanese business in infrastructure and opportunities for Public Private Partnerships and Investment Missions to Australia. Further discussions were held regarding tourism opportunities and the proposed FTA.

The Australian Study Association of Japan, represented by Professor Teruhiko Fukushima from the National Defence Academy, also met with the delegation. The Association gave the Australian delegates an overview of the organisation, which consists of over 200 members and has been operating for 25 years. The Association outlines areas of study; both domestically and internationally. Their members have recently focused on post WWII Japan, border security, Australian Indigenous issues, the party political system in Australia including the makeup of the new Senate, and refugee resettlement programs in Australia.

Members of the Association raised concerns about the cost of a university education in Australia particularly the lack of consistency across States and Territories.

On the third day of the visit, the group visited the INPEX Corporation Tokyo Office. Represented at the meeting were INPEX Corporation representatives Mr Jiro Okaka, Vice President Ichthys Project Division; Mr Takeo Itano, Project General Manager LNG Project Asia, Oceania and Offshore Project Division; Mr Masami Sasaki, Vice President, Asia, Oceania and Offshore Project Division; and Mr Tadashi Okabe, Coordinator Planning and Coordination Unit Ichthys Project Division.

INPEX is a worldwide oil and gas exploration and production company. It is the largest company of its kind in Japan. INPEX is the first Japanese operator of Liquid Natural Gas (LNG). It has 79 projects worldwide in 28 different countries. In Australia INPEX has four key areas in its scope, production, development, discovery and exploration. INPEX has been operating in Australia since 1986.

Delegates were given a presentation on the INPEX development at Ichthys Field which is located in the Browse Basin in North West Australia. It is 900 kilometres west-south-west of Darwin in the Timor Sea. The Ichthys Field gas will be piped to a processing plant at Blaydin Point in the Middle Arm Peninsula of Darwin Harbour.

INPEX identified partnerships and funding as well as delays in approvals as some challenges for the company in the Ichthys Field gas project. INPEX's Ichthys Field gas project commenced in 1998 with the acquisition of acreage. In 2000-01 the first drilling campaign commenced with three wells. The discovery of gas and condensate occurred in 2000.

The Ichthys Field name was born in 2001. The second drilling campaign took place in 2003-04 with a further three wells. Additional drilling occurred in 2007-08 with two extra wells where a light LNG was discovered.

Delegates heard that the Ichthys' Project will produce an estimated 8.4 million tonnes of LNG per annum together with 1.6 million tonnes per annum of LPG and condensate (approximately 100,000 barrels of condensate per day at peak).

Delegates heard that the land tenure project development agreement was signed in July with the Northern Territory Government, which was fully ratified in November 2008. It became a breakthrough as it assured the bankable land tenure for INPEX's onshore plant site. There was no native title on the site, and there was provision for future expansion which had strong community and bipartisan government support.

INPEX's commitment to the local community came via its establishment of a Trade and Training Centre at Larrakia. The school gives local indigenous students the opportunity to excel and ultimately seek employment with INPEX. Graduates have already gained employment on the Ichthys field site. INPEX has invested in the North Australian Centre for Oil and Gas at Charles Darwin University.

On 25 September 2008, the final decision was made to select Darwin as the Onshore LNG Plant site. The final decision was technically, economically and environmentally feasible for INPEX. The commercial life span of the Ichthys development concept has been designed for 40 years of production.

Ichthys field site has to date 3,500 workers in its construction and 350 people will be employed, once construction is completed. There will be 350 core operators on a permanent basis in Darwin. The camp was part of social and environmental package; the village owned by INPEX is being built now.

Following the visit to INPEX, the Delegation visited the National Diet of Japan. The Diet visit included viewing the Chamber of the House of Representatives, the Central Entrance and Hall and the Emperor's Room.

The Diet took 17 years to complete and the construction utilised local Japanese building materials. However, there are stain glass windows from England and brass doorknobs and boxes from the United States of America.

The House of Representatives is well placed in accommodating visitors to the chamber. There is an upper gallery for members of the public who register their names in order to gain entry into the Chamber. The House of Councillors members have a viewing gallery above the Chamber. Public servants are also

accommodated with a viewing area in the Chamber. The press gallery must register and have official accreditation identification to gain access to the Chamber.

Above the Speaker's chair on the centre dais is the location of the balcony for the Emperor to view parliamentary proceedings. The balcony for the imperial family of Japan is to the right of the speaker with foreign royals sitting in the balcony to the left. Special privilege is given to the Emperor when entering the Diet via the Central Entrance and Hall. Only the Emperor and first time Members of Parliament on their first day are permitted to use the official entry into the Diet. This is located between the House of Councillors and the House of Representatives.

Ministers sit to the left and right of the Speaker on the elevated platform directly in front of Diet Members. The Prime Minister sits to the right of the Speaker. Speeches and addresses are given in front of the Speaker on the elevated platform.

The highest represented number of members of a political party (Government) sit to the right of the speaker on the floor of parliament. The Diet has 480 members in the House of Representatives, of which 32 are female. The term for a Member in the House of Representatives is 4 years. The voting age in Japan is 20 years of age. The age requirement to be elected to Parliament is 25 years of age. In the House of Councillors the age of entry is 30 years.

There are three types of voting in the House of Representatives: the call of ayes and noes; members standing and the displaying of red and blue cards. There are 12 standing committees, 10 special committees and no joint standing committees.

Restoration Party

On Thursday 13 March 2014, the Delegation met with members of the Restoration Party, represented by Mr Kenta Matsunami, Mr Takayuki Shimizu, Mr Shinji Oguma, Mr Naoto Sakaguchi and Ms Sayuri Uenishi. The opening discussion was led by Mr Kenata a former member of the Liberal Democratic Party. The Restoration Party is two years old and as a relatively new party it has identified a need for a new welfare system in Japan. Decentralisation is a priority for the Restoration Party. Mr Kenata stated that there are 47 prefectures in Japan. The Restoration Party has the firm belief that there should be 10 prefectures in Japan. The party believes there have been too many prefectures over the past 140 years and that it is time to change.

Representatives of the Restoration Party also expressed a desire to reform the Japanese constitution. The National Leader of the Restoration Party is not a Diet member. He is the Mayor of Osaka, and former Governor of the Prefecture. Delegates heard that the Restoration Party wishes to merge the Prefecture and Governor into one. At the last election 54 Restoration Party members were elected. Of this number, 40 members elected had no previous parliamentary experience.

New Komeito

The delegation also met with members of the New Komeito Party. They expressed a positive view of the Australia-Japan relationship, particularly in trade and security. Although representatives of New Komeito did acknowledge there were some difficult issues to work through with the TPP, they expressed a belief that it would lead to good outcomes for both countries. They expressed a desire for all political parties to work in a bi-partisan manner for a long sustainable relationship between Australia and Japan.

Delegation members took the opportunity to understand more about the political situation in Japan. New Komeito stated that whilst they are not the biggest party in the Diet they do have the largest party membership in Japan.

Conclusion

All delegation members expressed their gratitude for the opportunity to participate in the 22nd Delegation to Japan. The program provided great opportunities for delegates to build strong relationships with Japanese political and business leaders, while gaining an appreciation of the richness and diversity of Japanese culture.

The visit will contribute to the ever strengthening ties between Australia and Japan.