

Introductory Remarks

Japan-Australia Symposium “Japan's Agricultural Reform and the Japan-Australia EPA -Promoting Japan's Food Security -”

Thursday 4 June 2009

Thank you Mr Mimura.

Distinguished guests, ladies and gentlemen. It is a great pleasure to speak to you today in the presence of former Prime Minister Mr Shinzo Abe, Professor Kimura and our other eminent panellists.

Economically, the last year has been like a rollercoaster with the global financial crisis being like a typhoon destroying iconic businesses, eroding wealth and crushing business and consumer confidence.

Governments, the world over, have responded to the calls for action and for leadership with measures to boost their economies. Both the Australian and Japanese Governments have implemented successive stimulus packages designed to boost domestic demand and we have worked closely in the G20 context and other forums. We, together with governments the world over, have also had to resist demands for protection and new trade barriers. This is essential because greater protectionism would only make matters worse.

As people the world over have looked for leadership during the past year much of the focus has been on the United States. That's understandable. The US is the world's biggest economy and it is where the global crisis started. We will all continue to follow developments closely as the Obama Administration tackles the many challenges it confronts.

As the world's second biggest economy, the measures that Japan takes matters very much too, particularly to its fellow countries of the Asia-Pacific region. Indeed, the health of Japan's own economic performance and that of the region will be closely related to how it approaches the need to undertake a range of reforms to reinvigorate and re-energise the economy.

Reform of agriculture and, in particular, agriculture protection is probably the single most important reform Japan could make. One might ask -

why is agricultural reform so important? After all, agriculture is not such a big part of the Japanese economy.

It is important for three reasons.

First, while agriculture is not a big part of Japan's economy, food is a big deal for Japanese consumers. More than twenty percent of the average household budget is spent on food. Lowering the cost of this food by removing layers of protection would ease the cost of living for every Japanese family – at a time when incomes are under pressure. And it would free up a portion of household incomes which would boost expenditure in other parts of Japan's economy.

Second, if Japan could finally reform the high level of protection of its agriculture it would be much better able to take an active approach to trade negotiations in the WTO and with its bilateral partners. At the moment, Japan is forced into a defensive position in trade negotiations, because its position is determined by its most protected industry at the cost of opportunities for its very competitive industries.

Third, decisions to reform agriculture would shock the world. But unlike many of the shocks over the last year, this would be a positive shock.

It would show the world that Japan is serious about reform - that there are no sacred cows, no reform too difficult. This would change the image of Japan. It would increase trade and investment interest in Japan.

It would show real leadership: leadership commensurate with Japan's status as a major economy.

Of course we do not underestimate how challenging reform of agriculture and agriculture trade barriers would be. Politically, there would have to be an acceptance that Japanese agriculture would look very different over time: with fewer farmers, but with them producing more, more efficiently. And they would be focused on producing the high quality, high value products that Japan does best.

The need for reform is clear. The average Japanese farmer is almost 65 years old. The current model is not working. Who will grow tomorrow's food?

The panellists today will talk about how Japan's agricultural sector has reformed in the past and can be reformed further in the future. I hope

they will discuss how Japan's domestic production base could actually be strengthened by such reform.

I have confidence that Japan can reform because I have seen with my own eyes how clever, hardworking and determined Japanese farmers can be.

In my four and a half years in Japan I have travelled widely visiting farms and food businesses in many locations, from Hokkaido down to Kyushu and from Kanazawa to Tohoku. I have met beef and dairy farmers, rice farmers, fruit and vegetable growers and many more.

I have been impressed by the quality and variety of Japan's fresh produce, and by the obvious pride the farmers have in their products. I have seen that Japanese agriculture has many blessings: reliable rain, productive soils, fantastic products, great distribution networks, a huge domestic market and – as Asia, particularly China, gets richer – growing international markets. So I have confidence in the future of Japanese agriculture.

In the context of what is already a very close Japan-Australia partnership, negotiation of the FTA/EPA between Australia and Japan is the next logical step.

Agriculture is the key to these negotiations. If a satisfactory outcome on agriculture can be reached, the FTA will succeed. The relationship between our two countries will grow even closer; both sides will benefit.

Without an outcome on agriculture an agreement cannot be concluded. Let me just emphasise that point. Without agriculture being included in the FTA outcome in a meaningful way, the FTA negotiation will not succeed.

But if an agreement could be reached, it would contribute to economic growth and prosperity not just in agriculture but in other areas, including through Australia's role as a supplier of a range of energy and minerals commodities. An EPA/FTA could strengthen Japan's energy security by integrating our economies more closely and making it easier for Japanese companies to invest in the Australian energy and resources sector.

Beyond these, we also look to the EPA/FTA to open up promising new sectors, such as clean green technology, bio-technology, food technology, education exports and financial services.

But specifically today, our speakers and panellists will be discussing the future of Japan's agriculture and how it might change to better suit the needs of its population. We will be discussing immediate threats to the ongoing success of Japan's agriculture and ways to meet these challenges head on. The discussion will also touch on the question of how an EPA/FTA between Australia and Japan would help assure Japan's future food supply needs.

I would like to thank the Japan Australia Business Cooperation Committee, which has again organised this important Symposium. I also thank the Japan and Tokyo Chambers of Commerce and Industry, Keidanren, the Japan Foreign Trade Council and the Australia-Japan Foundation for supporting these very important events that examine elements of the abiding Australia-Japan relationship.

So without further delay, I welcome each of our speakers today and I look forward to what I am sure will be an interesting and stimulating discussion.