Australia-Japan Stocktake Report 2020

Benjamin J. Ascione

Australia-Japan Research Centre
Crawford School of Public Policy
ANU College of Asia & the Pacific
# Contents

Executive Summary ................................................................................................................. 1
1. Introduction ......................................................................................................................... 3
2. Historical background ......................................................................................................... 6
3. Australia–Japan economic relations .................................................................................. 8
   3.1 Foundational Economic Agreements ........................................................................... 8
   3.2 Trade ............................................................................................................................... 9
   3.3 Investment .................................................................................................................... 15
4. Australia–Japan people-to-people links ............................................................................ 19
   4.1 Sister City Arrangements ............................................................................................ 19
   4.2 Education .................................................................................................................... 22
   4.3 Sister School Arrangements ......................................................................................... 24
   4.4 Senior High Schools Exchanges ................................................................................. 25
   4.5 Japanese Students in Australian Tertiary Education .................................................. 28
   4.6 Australian Students in Japanese Tertiary Education .................................................. 29
   4.7 Working holiday arrangements .................................................................................... 30
   4.8 Tourism Between Australia and Japan ......................................................................... 33
5. The Whaling Dispute .......................................................................................................... 35
6. Australia–Japan Diplomatic and Security Cooperation ...................................................... 38
   6.1 Political Engagement .................................................................................................... 38
   6.2 Bilateral Security Cooperation ..................................................................................... 39
   6.3 The Australia-Japan submarine saga .......................................................................... 41
   6.4 Trilateral and Quadrilateral Cooperation with the United States and India .............. 43
   6.5 Regional Institution Building ...................................................................................... 44
7. Selected Bibliography of Australia-Japan Relations ........................................................... 46
   7.1 Economic Diplomacy and Regionalism ......................................................................... 46
   7.2 History and Culture ...................................................................................................... 47
   7.3 International Relations, Security and Diplomacy ......................................................... 48
Appendices ............................................................................................................................... 49
Executive Summary

Australia and Japan have a deep, broad and close relationship that is anchored in strong complementarity in economic relations, rich people-to-people connections, and diplomatic and security cooperation characterised by a shared commitment to stability, peace and inclusive regional order building.

This report takes stock of the bilateral relationship as it was in 2020 and acts as a snapshot of the economic, people-to-people and political-security relationship as the world headed into the COVID-19 pandemic. It does not aim to comprehend all the dimensions of the relationship but aims to highlight the main trends, features and provide data and links for researchers, officials and those who have responsibility for and an interest in the relationship.

The Australia-Japan economic relationship was built on the base of some key agreements. The 1957 Commerce Agreement normalised Australia’s trade relations with Japan after World War II, its revision in 1963 and the 1976 Basic Treaty of Friendship and Cooperation between (known as the NARA Treaty) which extended non-discriminatory treatment to investment and people movement were the foundations of the relationship. More recently the Japan-Australia Economic Partnership Agreement, signed in 2014, and the various regional trade agreements and initiatives that Australia and Japan have been instrumental in concluding, have brought the two economies closer together.

Complementarity drives the Australia-Japan economic partnership.

Japan relies on imports for over 90 per cent of its energy needs and Australia is its most important and stable supplier. Australia supplies more than half of Japan’s coal imports and more than a third of Japan’s LNG imports. Australia is also Japan’s major supplier of strategic raw materials including iron ore, bauxite, alumina, aluminium, and nickel. In 2020 Japan was Australia’s second largest two-way trade partner accounting for almost 10 per cent of Australia’s goods and services trade, while Australia was Japan’s fifth largest two-way trade partner accounting for over 4 per cent of Japan’s goods exports and imports. Japan is the fourth largest source of foreign investment in Australia with a stock of AU$241.1 billion dollars as of 2019, comprising 6.3 per cent of foreign investment in Australia, and over half this is concentrated in mining.

The Australia-Japan relationship is anchored in its deep people-to-people links.

Australia has more sister-city and sister-state relationships with Japan than any other country with 107 such arrangements, while Australia ranks fourth in Japan (after the United States, China and South Korea) despite its relatively smaller population. The two countries also have 553 sister-school relationships at the high school level making Australia the most popular partner country in Japan for these arrangements. Japanese is the most widely taught foreign language in Australia with over 405,000 students across the primary to tertiary levels. This ranks Australia fourth globally (behind
China, Indonesia and South Korea) and first on a per capita basis. Australia and Japan concluded a reciprocal working holiday agreement that commenced in 1980 which was Japan’s first such agreement and Australia’s first with a non-Western and non-English speaking country. Since that time Australia has firmly established itself as the most popular destination for Japanese working holiday makers. Tourism between the two countries has also boomed in recent years with over 620,000 Australians visiting Japan and 450,000 Japanese visiting Australia in 2019.

**Shared commitment to regional order building.**

Australia-Japan diplomatic and security cooperation has been characterised by a shared commitment to inclusive regional order building. This includes joint cooperation and leadership in the creation of the Asia Pacific Economic Cooperation (APEC) forum. More recently, Australia and Japan were close partners in the negotiation of the CPTPP and RCEP. Australia and Japan have also spearheaded cooperation in areas of diplomacy such as the International Commission on Nuclear Non-proliferation and Disarmament, maritime capacity building cooperation in Southeast Asia, and a range of non-traditional security issues.

**Security partnership.**

Australia and Japan have come to be each other’s second most important security partner after their respective alliances with the United States. Deepening Australia-Japan security cooperation has been institutionalized through the Joint Declaration on Security Cooperation in 2007, the establishment of a Special Strategic Partnership in 2014, and it is expected that a Reciprocal Access Agreement will soon be concluded. Dialogue has also been held regularly at the highest levels of government. Since 1957, Australian prime ministers have made 26 visits to Japan while Japanese prime ministers have made 11 visits to Australia. In 2007, Australia and Japan inaugurated the 2+2 foreign and defence ministers meeting which has been held eight times.

There are a number of blind spots and gaps in the relationship and areas that are under potential, including the failed submarine bid and the whaling issue, that are highlighted in the report that follows.

The report was possible with the generous support of the Australia–Japan Foundation and the hope is that some of the data that has been brought together in it will help inform further work on the development of this important bilateral relationship.

**Shiro Armstrong**

Director
Australia–Japan Research Centre
The Australian National University
Australia-Japan Stocktake Report 2020
Benjamin J. Ascione

The Australia-Japan Research Centre (AJRC) is the centre of research, teaching and outreach on the Japanese economy in Australia. Established in 1980 with support from the governments and business communities in both Australia and Japan, our research encompasses trade, finance, macroeconomics, as well as international economic relations.

AJRC is located in the Crawford School of Public Policy in the ANU College of Asia & the Pacific, The Australian National University.

Address: J. G. Crawford Building
132 Lennox Crossing
Acton ACT 2601 Australia

Contact: ajrc@anu.edu.au

Funding and support: Australia-Japan Foundation
1. Introduction

The Australia–Japan relationship is one of growing importance in regional and global affairs. Australia and Japan have developed a closeness of cooperation that not only benefits both countries but also promotes regional stability. As well as being advanced economies and key allies of the United States, Australia and Japan have forged extensive people-to-people, economic, and security and diplomatic cooperation based on a shared commitment to free trade and inclusive regional institution and order building. However, with future uncertainty afflicting the Asia Pacific region across issues from the US–China rivalry, climate change and the COVID-19 pandemic, bolstering cooperation is more important than ever.

This report provides a snapshot of the health of the Australia–Japan relationship by providing key data on three of its key pillars: economic relations, people-to-people relations, and security and diplomatic cooperation. Bringing this data together in one place, the report seeks to provide a foundation for the future of research and the planning of future cooperation. It makes available a set of benchmarks against which the health of the Australia–Japan relationship can be measured. At the same time, it is hoped the report can provide a starting point for the analysis of the impact of the COVID-19 pandemic on the relationship.

The report is divided into seven self-contained chapters. The present chapter introduces the content, scope and aims of the report. The second chapter provides a brief sketch of the historical background of the Australia–Japan relationship up until the end of the Second World War. This includes the role of the White Australia policy and wartime internment on diminishing relations.

Chapter three analyses Australia–Japan trade and investment and the significance of foundational bilateral economic agreements. Complementarity is highlighted as a key feature of the economic partnership, with Australian natural resource exports playing a critical role in helping to power the Japanese economy and with Japanese investment playing a significant role in driving Australia’s mining sector. At the same time, capitalising on economic complementarity required political commitment, which was built through the 1957 Commerce Agreement and the 1976 Basic Treaty of Friendship and Cooperation.

The fourth chapter analyses the deep people-to-people relations Australia and Japan have cultivated over the decades, which help to provide a foundation for meaningful cooperation and engagement. This includes the state of sister city relationships, educational cooperation, tourism and working holidays between the two countries. The two countries have established an excellent record of achievement in building engagement and cross-cultural understanding across these dimensions. However, there is no room for complacency. Continued support is needed to rebuild in areas where there have been setbacks in order to maintain people-to-people relations as a pillar of strength into the future. This is especially important given the setback to international people flows the COVID-19 pandemic caused.
The fifth chapter gives a brief sketch of the whaling issue. Significant cultural differences and domestic political forces shape both countries' approach to and understanding of the issue, meaning there is little prospect for a resolution based on shared understandings. However, as the biggest blind spot in the relationship, it is important that Australia and Japan continue to manage the issue carefully so as to prevent the disagreement from spilling over into other areas of cooperation. Understanding the cultural assumptions and domestic political barriers on both sides is critical to avoid inflaming nationalist responses that further entrench confrontational posturing.

Chapter six looks at Australia–Japan diplomatic and security cooperation. This includes the deepening institutionalisation of bilateral security cooperation, with Australia and Japan having become each other’s most important security partner in the Asia Pacific after their respective alliances with the United States. This is despite Australia’s decision to award France rather than Japan the contract to provide it with 12 new submarines, which left Tokyo disappointed. This choice highlighted the importance of proper processes which can help to avoid unnecessary disappointments or misunderstandings. At the same time, Australia and Japan’s security cooperation has been further deepened through mutual participation in trilateral and quadrilateral arrangements with the United States and India. Diplomatically, the shared commitment of the two countries to inclusive regional order building has seen them lead regional institutional building efforts, such as APEC, as well as cooperating with ASEAN nations in the building of ASEAN-led institutions such as the ASEAN Regional Forum, ASEAN+6, the East Asia Summit and the ASEAN Defense Ministers’ Meeting Plus.

Lastly, the seventh chapter provides a bibliography of resources on Australia–Japan relations for further reading. This spans resources covering the history of the relationship across the three pillars of people-to-people, economic, and security and diplomatic cooperation. This report provides a snapshot of the health of the Australia–Japan relationship. It is hoped this bibliography will be a useful resource for future research.
2. Historical background

The first record of contact between Australia and Japan is from 1830 after the brig *Cyprus* was hijacked by convict mutineers off Tasmania and sailed to China via Japan. After anchoring in waters off the coast of Shikoku in modern-day Tokushima prefecture near the town of Mugi, the *Cyprus* was chased away by cannon, in line with Japan’s isolationist policy at the time.¹

As the Tokugawa Shogunate started to lose power and Japan began its Meiji Restoration in 1868, contact between Australia and Japan gradually started to open up. The first Japanese to enter Australia were an acrobatic troupe, The Great Dragon Troupe, who performed at Melbourne’s Princess Theatre in 1867.² A later troupe then gave Australia its first Japanese settler, Rikinosuke Sakuragawa, who married a local woman in Melbourne in 1875.³

A small number of Japanese migrants—mostly contract labourers and small merchants—started moving to Australia working in the sugar cane, sea-cucumber and pearl diving industries, especially in Broome, Darwin and Thursday Island.⁴ When the Immigration Restriction Act (White Australia Policy) was passed in 1901 there were about 3500 Japanese in Australia. The new law had the effect of freezing the number of Japanese arrivals.⁵ However, due to a lack of skilled divers the pearl industry was able to gain an exemption.

Pre-Second World War trade between Australia and Japan grew rapidly in the 1920s and early 1930s with Japan exporting a range of goods, such as textiles, wood and wicker, chinaware, and glassware, while Australian exports were dominated by wool, flour and wheat. By 1931, Japan had become Australia’s third biggest trading partner.⁶ And by the mid-1930s, Japan ranked as Australia’s second biggest export market after Great Britain.⁷ Yet Australia–Japan trade subsequently suffered under Australia’s protectionist trade policy, its discriminatory preferences for trade with Britain, and a bitter

dispute in 1936 whereby Australia effectively banned the export of iron ore to Japan. Trade then ceased entirely for a time after the outbreak of the Second World War.\(^8\)

During the Second World War, the lives of Australia’s Japanese community came to an abrupt halt. The Australian government interned over 4000 Japanese as prisoners of war (POW). This included over 1100 local civilians—almost all registered as Japanese ‘aliens’ in the country—as well as over 3100 Japanese soldiers who had been captured overseas.\(^9\) Among the POWs were a group of more than 1000 Japanese soldiers who attempted to escape in August 1944 during the Cowra breakout, which resulted in the deaths of four Australian soldiers and over 200 Japanese prisoners.\(^10\) After the end of the war, almost all of the Japanese POWs, both civilians and soldiers, were repatriated to Japan.

**First contacts between Australia and Japan**

\[\begin{align*}
1830 & \quad \text{First record of contact: The Cyprus Mutiny} \\
1865 & \quad \text{First Australian coal export to Japan} \\
1867 & \quad \text{First Japanese to visit Australia—performance by 12 Japanese acrobats and jugglers at the Princess Theatre, Melbourne} \\
1888 & \quad \text{First Australian wool export to Japan} \\
1896 & \quad \text{First Japanese consulate in Australia established in Townsville}
\end{align*}\]


3. Australia–Japan economic relations

3.1 Foundational Economic Agreements

When Australia and Japan concluded the 1957 Commerce Agreement just 12 years after the end of the Second World War, memories of the conflict were still fresh and anti-Japan prejudices still ran deep in Australia. However, the deal had a significant economic and psychological impact. The Commerce Agreement was a watershed moment as Australia became the first country to normalise its trade relations with Japan after the Second World War through the provision of equal tariff treatment on a Most Favoured Nation (MFN) basis. In the words of T.W. Eckersley, the former Acting Japanese Secretary for the Australian Legation in Tokyo, the agreement carried ‘political and psychological significance not measurable … in terms of money. The removal of discrimination is the removal of a thorn which has troubled the Japanese almost since the time when they first came into contact with the West’.\(^{11}\)

The timing was fortuitous as the Commerce Agreement served to undergird Australia’s role as a stable supplier of goods to Japan, particularly in energy and strategic raw materials. As Japan sought to recover from the devastation of the war, trade with Australia contributed to its rapid economic growth. The agreement also opened up for Australia a key market in Asia at a time when the United Kingdom was shifting its focus away from trade through Commonwealth auspices and towards Europe, as momentum built for the establishment of the European Economic Community. By 1967, Japan overtook West Germany to become the second largest economy in the free world.

In 1976, Australia and Japan concluded the Basic Treaty of Friendship and Cooperation between Australia and Japan (known as the NARA Treaty). This was another important foundational document that carried both economic and psychological impacts. The NARA Treaty extended MFN ‘non-discriminatory treatment beyond trade to all commercial dealings between Australia and Japan’ and helped bring about increased investment and people flows between the two countries.\(^{12}\) Further, as the first such friendship and cooperation treaty signed by Australia with another country, it came to symbolise that ‘memories of Japanese conduct during the Second World War had finally and officially been put to rest’.\(^{13}\)

Building on these foundational agreements, the two countries concluded the Japan–Australia Economic Partnership Agreement (JAEPA) in 2014. JAEPA was lauded the first Japanese trade agreement ‘with any significant commitment to liberalization of agriculture, even though

---


liberalization was limited.\textsuperscript{14} The deal saw Japan agree ‘to small, quantitative increases in imports by means of staged reductions in tariffs over one to two decades’ on beef, processed cheese, high polarity sugars and pork but avoid any liberalisation on other sensitive products such as rice, sugars, wheat, butter and fresh cheese.\textsuperscript{15} Australia lowered its tariffs on Japanese electronics, whitegoods and cars.

While this was the first time Japan made concessions on agriculture with ‘a major economy with a strong agricultural sector’, they were relatively small compared to Australia’s trade agreements with South Korea and China, also signed the same year.\textsuperscript{16} For instance, tariffs on Australian beef imports to Japan are being incrementally lowered from 38.5 per cent in 2014 to 19.5 per cent by April 2031.\textsuperscript{17} By contrast, China and South Korea will incrementally lower tariffs on Australian beef imports to zero by 2024 and 2028 respectively.\textsuperscript{18} Given the complications surrounding Japan’s agricultural politics, further liberalisation of its so-called sacred products can be expected to be slow despite the structural pressures for reform from globalisation.\textsuperscript{19}

3.2 Trade

From the abovementioned foundations, trade grew and continues to be a key pillar of the Australia–Japan relationship. In 1967, Japan overtook the United Kingdom as Australia’s largest export market, a position it held until 2009 when it was overtaken by China.\textsuperscript{20} In 2019, Japan was Australia’s second biggest trading partner behind China (see Table 2). For Japan, Australia was its fifth largest trading partner behind China, the United States, South Korea and Taiwan (see Table 1). The trade relationship has continued to witness significant growth over the last three decades. Total two-way trade in goods and services between Australia and Japan expanded from AU$19.4 billion in 1987 to AU$87 billion in 2019. Despite this growth, as Australia diversified its trade relationships, Japan’s share of goods and services trade with Australia decreased from 19.76 per cent in 1987 to 9.48 per cent in 2019 (see Table 2). At the same time, Australia’s share of trade in goods with Japan increased from 3.06 per cent in 2004 to 4.2 per cent in 2019 (see Table 1).

As might be expected, the Australia–Japan trade relationship tilts towards Australian exports with a deficit of over AU$34 billion in 2019 (see Figure 1). Australian goods and services exports to Japan rose from AU$10.8 billion in 1987 to AU$60.6 billion in 2019. During this period, Japan’s share of Australian goods and services exports fell from 22.69 per cent to 12.31 per cent. Yet Japan still ranks as Australia’s


\textsuperscript{17} Department of Foreign Affairs and Trade, ‘KAFTA and Trade in Goods’, August 2018, https://tinyurl.com/55n2yy5h.

\textsuperscript{18} Department of Foreign Affairs and Trade, ‘ChAFTA Fact Sheet: Agriculture and Processed Food’, August 2018, https://tinyurl.com/y4wggj8k.


\textsuperscript{20} DFAT Economic Analytical Unit, ‘Shaping Forces: Complementarity and Distance’.
second largest export destination behind only China (see Table 2). Australia ranked as Japan’s third largest source of goods imports behind China and the United States (see Table 1).

**Figure 1: Australia–Japan Trade in Good and Services (country totals) 1987–2019 (AU$ billions)**

![Graph showing Australia–Japan trade in goods and services](image)

Source: Department of Foreign Affairs and Trade, Trade Time Series Data, Australia's direction of goods and services trade – calendar years from 1987 to present; see also Australian Bureau of Statistics, catalogue number 5368.0.

**Figure 2: Australia–Japan Trade in Goods and Services (Differentiated) 1987–2019 (AU$ billions)**

![Graph showing Australia–Japan trade in differentiated goods and services](image)

Source: Department of Foreign Affairs and Trade, Trade Time Series Data, Australia's direction of goods and services trade – calendar years from 1987 to present; see also Australian Bureau of Statistics, International Trade in Goods and Services, Australia, catalogue number 5368.0.

While observing the trade deficit, it should be noted that Japan has offshored the production of many of its goods to other Asian countries, such as China and Southeast Asian nations. In other words, “Made in Japan” has increasingly become “made by Japan elsewhere”.

---

Japanese electronics manufacturing output produced offshore rose from 11.4 per cent to 45.5 per cent. Japanese electronic brands that continue to be popular in Australia—such as Toyota, Honda, Sanyo, Sharp, Sony, Hitachi and Panasonic—are often manufactured in China. Similarly, Japanese fast fashion retailer Uniqlo has set up factories across Asia, especially in China and Vietnam.

When comparing goods and services, it is evident that the bulk of trade tilts towards goods. In 2019, out of the AU$60.6 billion total Australian exports to Japan, AU$57.9 billion was in goods while AU$2.7 billion was in services. Similarly, of the AU$26.4 billion in Japanese imports into Australia, AU$21.6 were in goods while AU$4.8 were in services (see Figure 2).

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Area</th>
<th>Exports</th>
<th>Imports</th>
<th>Total</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>134,697</td>
<td>169,262</td>
<td>303,960</td>
<td>21.31%</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>139,884</td>
<td>79,215</td>
<td>219,099</td>
<td>15.36%</td>
</tr>
<tr>
<td>3</td>
<td>South Korea</td>
<td>46,249</td>
<td>29,586</td>
<td>75,836</td>
<td>5.32%</td>
</tr>
<tr>
<td>4</td>
<td>Taiwan</td>
<td>43,016</td>
<td>26,857</td>
<td>69,873</td>
<td>4.90%</td>
</tr>
<tr>
<td>5</td>
<td>Australia</td>
<td>14,491</td>
<td>45,463</td>
<td>59,955</td>
<td>4.20%</td>
</tr>
<tr>
<td>6</td>
<td>Thailand</td>
<td>30,186</td>
<td>25,360</td>
<td>55,546</td>
<td>3.89%</td>
</tr>
<tr>
<td>7</td>
<td>Germany</td>
<td>20,229</td>
<td>24,966</td>
<td>45,194</td>
<td>3.17%</td>
</tr>
<tr>
<td>8</td>
<td>Vietnam</td>
<td>16,496</td>
<td>22,489</td>
<td>38,985</td>
<td>2.73%</td>
</tr>
<tr>
<td>9</td>
<td>Hong Kong</td>
<td>33,631</td>
<td>2,062</td>
<td>35,693</td>
<td>2.50%</td>
</tr>
<tr>
<td>10</td>
<td>United Arab Emirates</td>
<td>7,186</td>
<td>26,201</td>
<td>33,387</td>
<td>2.34%</td>
</tr>
</tbody>
</table>

Source: Japan External Trade Organization, Japanese Trade and Investment Statistics.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Area</th>
<th>Goods Exports</th>
<th>Goods Imports</th>
<th>Services Exports</th>
<th>Services Imports</th>
<th>Total</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>149,783</td>
<td>79,491</td>
<td>19,346</td>
<td>3396</td>
<td>252,016</td>
<td>27.46%</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>57,928</td>
<td>21,645</td>
<td>7205</td>
<td>4766</td>
<td>87,044</td>
<td>9.48%</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>15,192</td>
<td>37,199</td>
<td>10,248</td>
<td>18462</td>
<td>81,101</td>
<td>8.84%</td>
</tr>
<tr>
<td>4</td>
<td>Republic of Korea</td>
<td>26,012</td>
<td>12,211</td>
<td>2,234</td>
<td>886</td>
<td>41,343</td>
<td>4.50%</td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
<td>15,357</td>
<td>7,791</td>
<td>6,275</td>
<td>6805</td>
<td>31,161</td>
<td>3.39%</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>11,915</td>
<td>7,529</td>
<td>4,951</td>
<td>5933</td>
<td>33,328</td>
<td>3.63%</td>
</tr>
<tr>
<td>7</td>
<td>New Zealand</td>
<td>10,291</td>
<td>7,791</td>
<td>6,275</td>
<td>6805</td>
<td>31,161</td>
<td>3.39%</td>
</tr>
<tr>
<td>8</td>
<td>India</td>
<td>14,280</td>
<td>4,671</td>
<td>7,593</td>
<td>2786</td>
<td>29,330</td>
<td>3.20%</td>
</tr>
<tr>
<td>9</td>
<td>Malaysia</td>
<td>9,042</td>
<td>10,985</td>
<td>2,660</td>
<td>1276</td>
<td>23,932</td>
<td>2.61%</td>
</tr>
<tr>
<td>10</td>
<td>Thailand</td>
<td>4,496</td>
<td>14,878</td>
<td>1,197</td>
<td>2522</td>
<td>23,093</td>
<td>2.52%</td>
</tr>
</tbody>
</table>

Source: Department of Foreign Affairs and Trade, Trade Time Series Data, Australia’s direction of goods and services trade – calendar years from 1987 to present; see also Australian Bureau of Statistics, International Trade in Goods and Services, Australia, catalogue number 5368.0.

---

23 DFAT Economic Analytical Unit, ‘A Remarkable Relationship’.
Australian exports to Japan are dominated by energy, resources and foodstuffs (see Figure 3). The top categories in 2019 were natural gas, coal, iron ore, confidential items, beef, copper, aluminium, wood chips, cheese and curds, sugars, molasses and honey, meats other than beef and wheat. This correlates broadly with the key sectors of Japanese investment in Australia.

Japan relies on imports for over 90 per cent of its energy needs and Australian exports play a critical role in helping to power the Japanese economy.25 Australia is the major supplier of energy and strategic raw materials to Japan. Australia accounts for over a quarter of Japan's energy imports in coal, LNG and oil when measured in gigajoule (GJ) equivalent (see Figure 4). Australia supplies more than half of Japan’s coal imports and more than a third of Japan’s LNG imports. Australia also supplies over half of Japan’s iron ore and is the major supplier of bauxite, alumina, aluminium and nickel to Japan.26

**Figure 3: Australia's Merchandise Exports to Japan (AU$ billions): Top Categories**

![Bar chart showing top categories of Australian exports to Japan from 2006 to 2019. The chart displays the proportional distribution of exports by natural gas, coal, iron ores & concentrates, confidential items, beef, copper ores & concentrates, aluminium, and other categories.]

Source: Department of Foreign Affairs and Trade, Trade Statistical Pivot Tables, Country and commodity pivot table 2006 to 2019; See also Australian Bureau of Statistics, International Trade in Goods and Services, Australia, catalogue number 5368.0.

Given this high level of Australia’s energy exports, the global shift away from fossil fuels to mitigate climate change has the potential to significantly affect the composition of Australia–Japan trade. The Reserve Bank of Australia has forewarned of the uncertain long-term global outlook for Australia’s coal exports.27 The Australian public has become increasingly conscious of the impacts of climate change in

---

the wake of the 2019–2020 summer bushfires that devastated the country.\textsuperscript{28} In July 2020, the Japanese government announced its plan to retire its old generation of coal-fired power plants by 2030. Further, in October 2020, Prime Minister Yoshihide Suga pledged that Japan would become carbon neutral by 2050.\textsuperscript{29} This could have a major impact on Australia given it exported over AU$9 billion worth of thermal coal to Japan in 2019, making up about 12 per cent of Australia’s total thermal coal exports.\textsuperscript{30}

**Figure 4: Japan’s Energy Imports (Coal, Petroleum, and LNG) GJ equivalent**

![Graph showing Japan's energy imports from 2000 to 2019](image)


There is significant potential for Australia–Japan cooperation on sustainable and green energy. Preparations are already being made for bilateral cooperation in developing and exporting hydrogen from Australia to Japan. In January 2020, the two countries signed the Joint Statement on Cooperation on Hydrogen and Fuel Cells between the Ministry of Economy, Trade and Industry of Japan and the Department of Industry, Innovation and Science of Australia.\textsuperscript{31} Australia is due to make its first shipment of hydrogen from Victoria to Japan in March 2021 under the Hydrogen Energy Supply Chain Pilot Project.\textsuperscript{32} Yet experts have voiced concerns about the Australian government’s ‘plans to promote fossil-fuelled “brown” hydrogen’ rather than green hydrogen.\textsuperscript{33}

\begin{itemize}
\item \textsuperscript{33} Elizabeth Thurbon et al., ‘Australia’s Dangerous Dirty Hydrogen Plans’, East Asia Forum, 14 May 2020, https://www.eastasiaforum.org/2020/05/14/australias-dangerous-dirty-hydrogen-plans/.
\end{itemize}
Japan’s goods and services exports to Australia rose from AU$8.6 billion in 1987 to AU$26.4 billion in 2019 (see Figure 1). This saw Australia’s share of Japan’s goods exports maintain at over 2 per cent between 2004 and 2019. At the same time, this represented a decrease of Japan’s share of Australia’s imports from 17 per cent in 1987 to 6.21 per cent in 2019. Japan ranks as Australia’s third largest source of imports behind China and the United States while Australia ranks as Japan’s tenth largest export destination. The top categories of Japanese exports to Australia in 2019 included passenger motor vehicles, refined petroleum, goods vehicles, civil engineering equipment, gold, rubber tyres, treads and tubes, vehicle parts, office machines, electrical machinery, and heating and cooling equipment (see Figure 5).

**Figure 5: Australia’s Merchandise Imports from Japan (AU$ billions): Top Categories**

Source: Department of Foreign Affairs and Trade, Trade Statistical Pivot Tables, Country and commodity pivot table 2006 to 2019; See also Australian Bureau of Statistics, International Trade in Goods and Services, Australia, catalogue number 5368.0.

**Fun fact**

Australia is the only foreign country trusted to produce wheat for Japan’s lucrative premium udon noodle market. Noodle technicians from the Australian wheat industry and the Japanese Flour Millers Association have worked together for over three decades to cultivate specialised varieties of Australian wheat for Japanese udon noodles to ensure the best dough elasticity and soft-firm balance (*mochi mochi*).34

---

3.3 Investment

Japan has come to earn a reputation as a trusted investment partner in the Australian economy. A wave of Japanese investment in the 1980s established Japan as one of the country’s major investors. In 1981, Japanese investment in Australia stood at AU$4 billion, and this figure more than quadrupled to over AU$20 billion by 1986.35 Over the last 15 years there has been another wave of growth with the total level of Japanese investment in Australia growing from AU$51 billion in 2006 to AU$241 billion in 2019 (see Figure 6). At the end of 2019, this ranked Japan as the fourth largest foreign investor in Australia (behind the United States, the United Kingdom and Belgium) accounting for 6.3 per cent of Australia’s total foreign investment (see Table 3).36

Figure 6: Total level of Japanese Investment in Australia 2001 to 2019 (AU$ billions)

Source: Australian Bureau of Statistics, International Investment Position, Table 2. Foreign investment in Australia: level of investment by country and country groups by type of investment and year ($million), catalogue number 5352.0.

Over half of Japanese investment in Australia is concentrated in mining and plays a key role in driving the sector. This has made Australia a trusted and critical supplier of energy and strategic resources for Japan. At the same time, Australia’s food, wholesale and retail and finance, insurance and chemicals and pharmaceuticals sectors have also attracted significant investment from Japan (see Figure 7). Japanese investment in Australian agriculture allows for the supply of goods in Japan when they are out of season in the northern hemisphere. For instance, the Executive Director of Ito En Australia noted that ‘With our southern hemisphere location, we are able to provide Japan, and the northern hemisphere, with seasonal fresh tea when Japanese plantations lay dormant’.37

Australia has become an increasingly attractive market for Japanese firms and the number of new Japanese entrants into the Australian market is increasing. In 2018, 29 Japanese companies entered the Australian market for the first time and Australia ranked 6th for the total number of Japanese outbound

35 Senate Standing Committee on Foreign Affairs, Defence and Trade, ‘Australia and Japan—A Trading Tradition’.
M&A deals, up from 12th in 2000.\textsuperscript{38} This is the result of a number of long-term trends including Australia’s stable legal and political system, Australia’s growing population, Japan’s ageing and shrinking population, the weakening of the Australian dollar, the strengthening of the Japanese yen and Japan’s negative interest rates under Abenomics. At the same time, the Australian Treasury’s Foreign Investment Review Board has not rejected an investment deal from Japan in over 25 years.\textsuperscript{39}

\textbf{Table 3: Top foreign investors in Australia by level of investment on 31 December 2019 (AU$ billions)}

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Area</th>
<th>Investment ($AU bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>983.7</td>
</tr>
<tr>
<td>2</td>
<td>United Kingdom</td>
<td>686.1</td>
</tr>
<tr>
<td>3</td>
<td>Belgium</td>
<td>348.1</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>241.1</td>
</tr>
<tr>
<td>5</td>
<td>Hong Kong (SAR of China)</td>
<td>140.7</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>99.9</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics, International Investment Position, Table 2. Foreign investment in Australia: level of investment by country and country groups by type of investment and year ($million), catalogue number 5352.0.

\textbf{Figure 7: Japan’s FDI Position in Australia by Sector (2005–2019)}

Japanese M&A deals in Australia have grown in size in recent years. In 2019, five Japanese M&A mega-deals exceeded AU$1 billion.\textsuperscript{40} Namely, Asahi’s acquisition of Carlton United Breweries from Anhheuser-Busch for AU$16 billion, Mitsubishi UFJ Trust and Banking Corporation’s acquisition of Colonial First State Global Asset Management from the Commonwealth Bank of Australia for AU$4.2 billion, Nippon Paint’s AU$3.8 billion takeover of paint manufacturer Dulux, Nippon Paper’s AU$1.7 billion acquisition of fibre packing business Orora, and Sumitomo Chemical’s AU$1.2 billion acquisition of agricultural chemical company Nufarm.

\textsuperscript{40} Herbert Smith Freehills, 1.
Research by the Australian Business Cooperation Committee shows that the profile of Japanese companies entering Australia in 2019 comprised four key characteristics. First, they were established firms with a median age of 72 years. Second, they were international firms with international operations in a median of 20 countries. Third, they were large companies with a median annual turnover of AU$17.4 billion. Finally, Japanese firms that invested in Australia in 2019 identified acquiring Australian know-how and extending their sales network as key objectives for their investments.41

One future area where the know-how of Australian companies could prove useful for prospective Japanese investors is digitisation. The COVID-19 pandemic has shown the importance of telework as an option for workers. It has also exposed the challenges Japanese companies face in shifting to higher rates of telework as a result of a low level of digitisation in Japan.42 Moreover, Japanese Prime Minister Yoshihide Suga has further identified digitisation as a key objective for his government.

With regard to Australian foreign investment, Japan was the third ranked destination after the United States and the United Kingdom as of 31 December 2019 (see Table 4). There has been significant growth in the last 10 years with Australian investment in Japan rising from AU$30.8 billion in 2010 to AU$139.6 billion in 2019 (see Figure 8). This represents 4.7 per cent of Australian investment abroad.43 The most notable growth in Australian investment has been in the transportation sector while there have also been more significant flows in iron and non-ferrous metals, finance and insurance, and services (see Figure 9).

Figure 8: Australian investment in Japan, levels, 31 December 2019 (AU$ billions)

Source: Australian Bureau of Statistics, Table 5. Australian Investment Abroad: Level of Investment by Country and Country Groups by Type of Investment and Year ($million), catalogue number 5352.0.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Area</th>
<th>Investment level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>837.4</td>
</tr>
<tr>
<td>2</td>
<td>United Kingdom</td>
<td>507.4</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>139.6</td>
</tr>
<tr>
<td>4</td>
<td>New Zealand</td>
<td>130.5</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>97.1</td>
</tr>
<tr>
<td>6</td>
<td>China</td>
<td>85.3</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics, Table 5. Australian Investment Abroad: Level of Investment by Country and Country Groups by Type of Investment and Year ($million), catalogue number 5352.0.

**Figure 9: Australia’s FDI Position in Japan by sector (2008–2019)**

4. **Australia–Japan people-to-people links**

Australia–Japan relations are anchored in deep people-to-people links. These links span sister city arrangements, education exchanges, mutual working holiday arrangements and tourist flows. Symbolic of these links is that at the age of 14, Japanese Emperor Naruhito (then Crown Prince Naruhito) chose Australia as the destination for his first overseas trip and high school homestay where he stayed with a family in Melbourne for a week in August 1974. 

4.1 **Sister City Arrangements**

Australia has more sister city and sister state arrangements with Japan than any other country. The 101 Australia–Japan sister city arrangements and six sister state arrangements comprise almost 20 per cent of Australia’s such international arrangements outstripping China (99), the United States (86) and the United Kingdom (44). At the same time, Australia ranks fourth—behind the United States (456), China (374) and South Korea (164) despite its relatively smaller population—with a share of over 6 per cent of Japan’s 1773 sister city and sister prefecture arrangements. Australia and Japan also maintain five sister port arrangements, more than half of Australia’s sister ports.

**Figure 10: Growth of Australia–Japan Sister City Arrangements (1963–2020)**

![Graph showing the growth of Australia–Japan sister city arrangements from 1963 to 2020.](image)

Source: Council of Local Authorities for International Relations, Sister Affiliations between Australia and Japan.

The first Australia–Japan sister city arrangement was established in 1963 between the cities of Lismore in New South Wales and Yamato Takada in Nara prefecture. This pioneering relationship came about through the efforts of missionary Father Paul Glynn who organised for businesses from his hometown

---

of Lismore to fund the establishment of the Takada Catholic Kindergarten. Subsequently, the establishment of new sister city relationships greatly accelerated in the 1980s and 1990s after the conclusion of the NARA Treaty (see Figure 10).

In terms of distribution across Australian states, New South Wales (38) hosts over a third of Australia–Japan sister city arrangements followed by Queensland (21) and Victoria (17) (see Figure 11). In Japan, the prefectures playing host to the most sister city arrangements with Australia are Tokyo (9), Osaka (8), Aichi (7) and Hyogo (7) (see Figure 12).

There has been considerable debate about what objectives sister city arrangements should incorporate. Some of those discussed include objectives such as promoting post-war reconciliation, advancing exchanges of friendship, culture and language, fostering commercial relations, and developing inter-subnational government cooperation.

In terms of post-war reconciliation and promoting exchanges at the local level, Australia–Japan sister city arrangements have been exceedingly successful. For instance, the town of Cowra in New South Wales and Joetsu City in Niigata prefecture—which were both sites of prisoner of war camps during the Second World War holding detainees from each country—maintain a unique friendship agreement. Cowra is now home, in the name of peace and remembrance, to the Cowra Japanese War Cemetery and the Cowra Japanese Garden and Cultural Centre, the largest Japanese garden in the southern hemisphere. Moreover, since 2011 four Australia–Japan sister city partnerships have won an International Exchange Commendation from the Japanese Ministry for Internal Affairs and Communications.

**Figure 11: Number of Australia–Japan Sister City Arrangements by State**

<table>
<thead>
<tr>
<th>State</th>
<th>Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Capital Territory</td>
<td>1</td>
</tr>
<tr>
<td>New South Wales</td>
<td>38</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>5</td>
</tr>
<tr>
<td>Queensland</td>
<td>21</td>
</tr>
<tr>
<td>South Australia</td>
<td>8</td>
</tr>
<tr>
<td>Tasmania</td>
<td>6</td>
</tr>
<tr>
<td>Victoria</td>
<td>17</td>
</tr>
<tr>
<td>Western Australia</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Council of Local Authorities for International Relations, Sister Affiliations between Australia and Japan.

---


Australia-Japan Research Centre 20
A comprehensive survey by Hiroaki Mori in 2020 of Japanese local governments with a sister city arrangement with Australia investigated the portfolio of activities and the degree of satisfaction with current arrangements. Mori’s survey shows that educational exchanges are the dominant form of cooperation with almost 90 per cent of Australia–Japan sister city arrangements engaged in such activities. This is followed by mayor/councillor visits (46.4 per cent), cultural and sporting exchanges (39.1 per cent), and staff exchanges (15.1 per cent) (see Figure 12). The local entities participating in sister city programs were most commonly schools (76.5 per cent), sister city committees (60.9 per cent) international exchange associations (58.6 per cent), individual volunteers (27.6 per cent), and local Australia–Japan societies (23.8 per cent). The reported benefits included student education (92.6 per cent), greater cultural awareness (83.8 per cent), promoting citizens’ interest in the sister city and Australia (79.4 per cent), and opportunities to learn English (67.2 per cent).


---

52 Mori, 8.
53 Mori, 12.
54 Mori, 12.
Previous research shows that most local government are interested in developing commercial relations and tourism as new dimensions of their sister city relationships. This research recommends establishing policy guidelines and a framework to guide the potential commercial aspects of sister city relationships. However, the number of Japanese local governments reporting activities in these areas stood at only 2.9 per cent (trade and investment) and 4.3 per cent (tourism) respectively.

Overall, despite reporting a number of challenges, the sister city relationships appear to be relatively successful in achieving their objectives. The two biggest problems reported were a lack of resources (55.9 per cent) and personnel rotation in local governments affecting communication channels (44.1 per cent). Yet a vast majority of cities (82.6 per cent) reported that they intended to continue with their current programs.

Sister state relationships could be used as a vehicle for inter-subnational government cooperation on a range of global challenges, such as global sustainable development. A case study of the Western Australia–Hyogo partnership suggests that Australia–Japan sister state relationships seem to be underutilised in pursuit of such objectives. While further research is needed on cooperation between sister states, a lack of awareness of the opportunities and a lack of resources appear to be the primary impediments to further development in this area.

4.2 Education

Education is a further anchor underpinning Australia and Japan’s strong people-to-people relations. Japanese is the most widely taught foreign language in Australia with over 405,000 students across primary and tertiary levels. This ranks Australia fourth globally behind China, Indonesia and South Korea, and the highest in the world on a per capita basis (see Figure 14). However, the vast majority of Australia’s Japanese language learners are concentrated in the primary and lower secondary levels. Greater research is needed to investigate the factors leading to low retention rates in the upper secondary and tertiary cohorts.
More than half of Australia’s universities (24 out of 43) offer Japanese language or Japanese society courses. Yet only six universities have dedicated Japanese studies programs (The Australian National University, the University of Sydney, the University of New South Wales, the University of Melbourne, Monash University and the University of Western Australia). At the same time, ‘a large proportion of the students of Japanese language [at Australian universities] are international students from Asia. While this had been a positive factor for the financial sustainability of Japanese studies programs until 2020, it has made them particularly vulnerable to loss of enrolments during the COVID-19 crisis’.63

In Japan, studies of Australia have been spearheaded by the Australian Studies Association of Japan (ASAJ) since its establishment in 1989. This includes the publication of the Journal of Australian Studies and the organisation of an annual conference.64 The University of Tokyo’s Centre for Pacific and American Studies established a Visiting Professorship in Australian Studies in 1999, supported by the Australia-Japan Foundation, ‘to promote a deeper understanding of Australia and its regional engagement’.65 Australians have also contributed to the study of English and international exchange in Japanese high schools. One example of this is the Japan Exchange and Teaching (JET) Programme. Since its establishment in 1987, Australia has sent almost 10,000 participants to Japan in Assistant Language Teacher, Coordinator for International Relations, and Sports Exchange Advisor positions. In 2019, Australia sent 343 participants accounting for 6 per cent of all participants that year (see Figure 15). This ranked Australia fourth (behind the United States, the United Kingdom and Canada) out of 57 participating countries.66

**Figure 14: Number of Japanese Language Learners by Country, Primary to Tertiary Levels (1998–2018)**

![Graph showing number of Japanese language learners by country from 1998 to 2018](image)


---


4.3 Sister School Arrangements

With 553 Australia–Japan sister school arrangements at the senior high school level as of 2018, Japan has more such arrangements with Australia than with any other country. This positions Australia ahead of the United States (424), Canada (315), South Korea (309) and New Zealand (299). The most significant period of growth for Australia–Japan sister high schools came in the 1990s when the number of arrangements expanded from 131 in 1993 to 387 in 1999. Australia’s share of Japan’s total number of arrangements peaked at over 25 per cent in 2009 before falling back to its 1993 level of just over 18 per cent in 2018. This is a significant achievement given that a number of new countries have established sister school relations with Japan since 2016 (see Figure 16 and Figure 17).  

Figure 16: Sister School Arrangements between Japanese & Australian High Schools


Sister school arrangements can take diverse forms. For instance, the Victorian state government identified sister school arrangements based on a range of different objectives such as language-based partnerships, community link programs, topic-specific partnerships, information and communication technology-based links, social justice-based partnerships, professional development programs, cultural-based partnerships, and network and region-specific programs. In some cases sister school arrangements have grown out of sister city relationships, such as the 13 sister school partnerships between Canberra and Nara.

### 4.4 Senior High Schools Exchanges

Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT) divides student exchanges and study trips by senior high school students into three categories: overseas study trips (研修旅行), student exchanges (留学) and overseas school excursions (修学旅行). Overseas study trips are defined as trips for less than three months where students participate in language training, study or international exchange. Student exchange programs are defined as study abroad where the student is hosted by an overseas school in-country for three months or more. Overseas school excursions by Japanese senior high school students to Australia are not as strictly defined and may be aimed at cultural learning and sightseeing more generally. Overseas school excursions by Australian high school students to Japan are defined as those that include an accompanying visit hosted by a Japanese senior high school.

---

70 While there is a lack of publicly available data about overseas high school exchanges on the Australian side, the data presented here is a summary of Japanese-language statistics from MEXT translated into English.
School excursions have been the most popular type of trip on both sides. For Japanese high school excursions to Australia, numbers grew rapidly from just over 2300 in 1992 to almost 39,000 in 2006. They plateaued at about 20,000 in the last four MEXT surveys between 2011–2017 (see Figure 18). This made Australia the fourth most popular destination in 2017 (after Taiwan, the United States and Singapore) accounting for 12.2 per cent of Japanese students participating in overseas high school excursions globally (see Appendices 9 & 10).

On the Australian side, high school excursion students to Japan (accompanied by a visit to a Japanese high school) have fluctuated between a low of 1265 in 2011 and a high of 3647 in 2017 for the seven survey years with data between 2004 and 2017 (see Figure 19). This saw Australia’s share of incoming international high school excursion students to Japan range from a high of 12.2 per cent in 2004 to a low of 7.3 per cent in 2013. In the most recent survey in 2017, Australia ranked fifth (behind Taiwan, South Korea, China, and the United States) and accounted for 9.2 per cent of high school excursion students visiting Japan (see Appendices 11 & 12).

Study trips have also accounted for a significant flow of high school students between Australia and Japan. Australia is the most popular destination for Japanese students going on overseas study trips with numbers growing from just over 2300 in 1992 to a peak of over 11,200 in 2004, maintaining at least 8200 in the six MEXT surveys since (see Figure 18). This means that since 1998, Australia has outstripped the other native English speaking countries that round out the top five destinations (the United States, Canada, the United Kingdom and New Zealand) while accounting for between a third and a quarter of all Japanese high school students going on overseas study trips (see Appendices 1 & 2).71

---

Australia sent more high school students to Japan on study trips than any other country for all 11 MEXT survey years (1996–2017) except 2015. On average, Australia sent over 1100 students per survey year (see Figure 19). In the most recent survey in 2017, Australia sent 764 students, accounting for over 22 per cent of all high school students who visited Japan on study trips (see Appendices 3 & 4).  

Japanese students participating in overseas exchange programs to Australia have been relatively stable across the 13 MEXT survey years between 1992–2017, fluctuating between a low of 386 students (12 per cent) in 2011 and a high of 741 students (17 per cent) in 2004. In the most recent survey in 2017, Australia hosted 522 Japanese senior high school exchange students (see Figure 18). This ranked Australia fourth behind the United States, Canada and New Zealand (see Appendices 5 & 6).  

By contrast, Australian students going on exchange programs hosted by a Japanese high school have seen a startling decline. In 1994, Australia sent 380 students accounting for almost a third of the total high school exchange students hosted in Japan. However, in the most recent survey in 2017, Australia sent 81 students representing just over 3 per cent (see Figure 19). As a result, Australia’s rank has fallen from 2nd in 1992 (behind China) to 7th in 2017 (behind China, Thailand, the United States, South Korea, Germany, and Taiwan) (see Appendices 7 & 8).

---

72 MEXT, 7.  
73 MEXT, 4–5.  
74 MEXT, 18.
4.5 Japanese Students in Australian Tertiary Education

Japanese student participation in Australian tertiary education can be divided into four categories as defined by the Australian Department of Education, Skills and Employment. Namely, higher education (HE) institutions such as universities, vocational education and training (VET) institutions (including Technical and Further Education or TAFE), English Language Intensive Courses for Overseas Students (ELICOS) programs, and non-award studies (such as enabling and foundation courses). The bulk of Japanese student enrolments in the Australian tertiary sector are in ELICOS followed by VET. Enrolment data is provided by the Australian Department of Education, Skills and Employment from the Commonwealth Provider Registration and International Student Management System. This does not necessarily represent the number of international students in Australia as a student enrolled in two different sectors during the same reference period (such as a Bachelor degree and ELICOS) would both be counted.\footnote{Department of Education, Skills and Employment, ‘Explanatory Notes for International Student Enrolment Data’, 1 April 2020, https://tinyurl.com/rfdjkjft.}

**Figure 20: Japanese Student Enrolments in Australian Tertiary Education by Sector**

The number of Japanese student enrolments in Australian HE has seen a sustained decline in both absolute numbers and share over the last two decades. From a peak of 3828 students accounting for 2.15 per cent in 2003, Japanese student HE enrolments declined to a pre-COVID-19 pandemic low of 1496 in 2016, accounting for 0.49 per cent of all international HE enrolments (see Appendix 13). As a result of these declining numbers, Japan’s ranking as a sending country has dropped from 11th in 2002 to 24th in 2019.\footnote{Department of Education, Skills and Employment, ‘International Student Data 2019, Basic Pivot Table 2002 Onwards’, accessed 26 October 2020, https://tinyurl.com/24wkc5zb.} A lack of English ability among Japanese students appears to be an obstacle to greater participation in Australian HE institutions as well as international study more broadly. In the most

---

recent EF English Proficiency Index, Japan ranked 55 out of 100 countries putting it in the ‘low proficiency’ band.\textsuperscript{77}

The number of Japanese student enrolments at Australian VET institutions has by comparison remained relatively more stable over the last two decades. In terms of absolute numbers, a first peak occurred in 2004 with 4543 student enrolments. Numbers then declined to a low of 3006 in 2011 before recovering again to a second peak of 4648 in 2018. Japan’s share of total international student enrolments in Australian VET institutions, however, has declined from nearly 10 per cent in 2004 to around 2 per cent between 2008 to 2019 (see Appendix 14). As a result, Japan’s ranking dropped from 3rd in 2002 to 16th in 2019.\textsuperscript{78} These larger numbers compared with HE seem to reflect the lower English level threshold for entry. The drop in Japan’s share reflects the large overall growth in numbers from other countries, such as India, Nepal, China and Brazil.

ELICOS programs are the most popular tertiary qualification for Japanese students to pursue. Between 2002 and 2020 there were over 127,000 Japanese ELICOS enrolments, averaging almost 6700 enrolments per year. Absolute numbers peaked in 2003 with 9271 enrolments, dropped to a low of 4759 enrolments in 2011, and recovered to a second peak of 7969 enrolments in 2017. Japan’s share of ELICOS enrolments reached over 14 per cent in the early 2000s, after which it dropped to a low of 3.73 per cent in 2009. It plateaued at around 4–5 per cent between 2010–2020 (see Appendix 15). Japan’s rank dropped from 2nd in 2002 to 5th in 2019.\textsuperscript{79} This reflects a significant growth in the overall number of ELICOS students, especially from China, Colombia, Brazil, Thailand and India.

4.6 Australian Students in Japanese Tertiary Education

By comparison there are relatively few Australian students enrolled in Japanese tertiary education institutions. International student numbers in Japan are calculated by MEXT prior to 2003 and by the Japan Student Services Organization (JASSO) after 2003 based on student visas across all tertiary sectors.\textsuperscript{80} There have not been more than 150 Australian enrolled in a tertiary degree or award program in Japan since 2001. University exchange programs, which are defined as study for one year or less, have been a relatively more popular option for Australian students. Over the past two decades there have been at least 200 Australian university exchange students in Japan most years, with a low of 125 students in 2011 and a high of 285 students in 2017 and 2018. Australia’s share of international students enrolled in tertiary programs in Japan (including both degree students and exchange students) has never been large, ranging from a high of 0.43 per cent in 2001 to a low of 0.17 in 2011 (see Figure 21).

Nevertheless, opportunities for Australian university students to study in Japan are increasing. More Japanese universities are offering programs in English, such as forerunners Ritsumeikan Asia Pacific University and Waseda University. Further, Australia and Japan are starting to establish dual degree programs. Among these are the Australian National University and Ritsumeikan University dual degree

\textsuperscript{78} Department of Education, Skills and Employment, ‘International Student Data 2019, Basic Pivot Table 2002 Onwards’.
\textsuperscript{79} Department of Education, Skills and Employment.
program at the undergraduate level and the dual Master of Public Policy degree program between the Australian National University and Tokyo University’s Graduate School of Public Policy. 81

Figure 21: Number of Australian Students Enrolled in Japanese Tertiary Institutions


4.7 Working holiday arrangements

After the signing of the NARA Treaty in 1976, Australia and Japan concluded a reciprocal working holiday agreement that commenced in 1980. This was Japan’s first of its 26 working holiday agreements. 82 For Australia it was the fourth of its 45 working holiday arrangements and the first with a non-Western and non-English speaking country. 83

Japan has been a relatively popular working holiday destination for Australian youths behind English-speaking destinations such as the United Kingdom and Canada. Based on data from Japan Ministry of Foreign Affairs (MOFA), over the last 13 years more than 12,000 Australians were issued working holiday visas to Japan. 84 During this time, Australia’s share of total working holiday maker visas issued

---


by Japan fell from a high of 14 per cent in 2007 to a low of 5 per cent in 2011 in the wake of the 3/11 Fukushima nuclear disaster. The largest year in terms of absolute numbers was 2019 with over 1600 Australians receiving Japanese working holiday visas, which comprised 9 per cent of total working holiday maker visas issued by Japan that year (see Figure 22). This ranks Australia third behind South Korea and Taiwan (see Appendix 16).

**Figure 22: Working Holiday Visas Issued to Australian Citizens by Japan (2007–2019)**

![Visa Issuance Statistics Graph](source)

<table>
<thead>
<tr>
<th>Year</th>
<th>Visas</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2008</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2009</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2010</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2011</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2012</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2013</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2014</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2015</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2016</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2018</td>
<td>1400</td>
<td>14%</td>
</tr>
<tr>
<td>2019</td>
<td>1400</td>
<td>14%</td>
</tr>
</tbody>
</table>


There is a dearth of research about the motivations of Australian working holiday makers. However, casual observations suggest that Australians are attracted to Japan for its cultural opportunities, its stable political environment and its high standard of living and technology. At the same time, the popularity of skiing and snowboarding in Japan among Australian youths seems to be a big drawcard and a cheaper alternative than Europe or North America. The large Australian presence in Japanese snow towns such as Niseko further offers seasonal working holiday job opportunities for non-Japanese speakers.85

Australia is the most well established and popular destination for Japanese working holiday makers. Analysis by the Japanese national broadcaster NHK shows that out of 24,000 Japanese working holiday makers in 2017, almost half (over 11,000) visited Australia.86 Statistics from the Department of Home Affairs show that between 2006 and 2019 an average of over 10,000 working holiday visas were issued to Japanese citizens per year by the Australian government (visa subclass 417) (see Figure 23). In 2019, Japan ranked sixth among all working holiday maker visas issued by Australia (behind the United Kingdom, France, South Korea, Germany and Taiwan) (see Appendix 17).87

Australia’s popularity among Japanese working holiday makers is shaped by a number of push and pull factors. Push factors include improving English language abilities, gaining travel experience, earning

money and escaping from routine. Pull factors that make Australia an attractive destination include a stable working holiday visa arrangement, its status as an English speaking country, a positive perception of Australia and job opportunities.  

**Figure 23: Working Holiday Visas Issued to Japanese Citizens by Australia (2006–2020)**

![Graph showing Working Holiday Visas Issued to Japanese Citizens by Australia (2006–2020)](image)

Source: Department of Home Affairs, Australian Government Data, Working Holiday Maker Visas Granted Pivot Table.

A key trend among Japanese working holiday makers to Australia is the imbalanced gender ratio (see Figure 24). The proportion of female working holiday makers is almost double the number of males. One may speculate that contributing factors underlying this trend might include Japan’s dual-track labour market that disproportionately steers women into non-regular work and a workplace culture that favours males for job promotions. However, further research is needed to determine possible linkages with women’s working conditions in Japan.

**Figure 24: Working Holiday Visas Issued by Australia to Japanese Citizens by Gender 2006–2019**

![Graph showing Working Holiday Visas Issued by Australia to Japanese Citizens by Gender 2006–2019](image)

Source: Department of Home Affairs, Australian Government Data, Working Holiday Maker Visas Granted Pivot Table.

---


4.8 Tourism Between Australia and Japan

Historically, the number of Japanese tourists visiting Australia has outstripped the number of Australian tourists visiting Japan, as might be expected given the population difference between the two countries. The number of Japanese overseas travellers grew rapidly during the 1980s and 1990s. The number of Japanese tourists visiting Australia peaked at over 814,000 in 1997. However, since 2015, the trend has reversed, with Australian visitors to Japan now growing rapidly.

In the 2000s, Japanese short-term visitors to Australia declined from a peak of over 700,000 in 2003 to just over 350,000 in 2009. Between 2010–2015, Japanese visitors to Australia plateaued between 330,000 and 400,000. Subsequently, from 2015 numbers started to grow again, reaching over 498,000 in 2019 (see Figure 25). Japan’s share of total short-term visitors to Australia over the last decade peaked at 6.75 per cent in 2010 and dropped to a low of 4.57 per cent in 2015. Since 2016 Japan has maintained its share of around 5 per cent, keeping pace as the total visitors from all countries to Australia grew from nearly 6.9 million in 2015 to 8.7 million in 2019 (see Figure 26).

The number of Australian tourists to Japan gradually rose during the 2000s from 172,000 in 2003 to over 242,000 in 2008. Numbers dropped in 2011, the year of the 3/11 Fukushima nuclear disaster, to 162,000. Since then, there has been a rapid growth in Australian tourists visiting Japan, reaching a high

---


of over 620,000 in 2019 (see Figure 25). This rapid growth corresponds with a successful campaign by the Japanese government to proactively increase tourism. The tourism boom that followed saw a high of over 31 million tourists from all countries visit Japan in 2019. Australia’s share of the total number of overseas tourists visiting Japan peaked in 2003 at 3.3 per cent. Despite the rapid growth of Australian tourists visiting Japan since 2013, Australia’s total share has remained below 2 per cent since 2015 in light of the overall rapid growth of Japan’s tourist industry (see Figure 27).

Figure 26: Overseas Visitor Arrivals in Australia and Japan’s Share


Figure 27: Total Overseas Visitor Arrivals in Japan and Australia’s Share


---


5. The Whaling Dispute

While Australia and Japan have forged strong people-to-people links, developed a strong and complementary economic relationship and increasingly deepened and institutionalised strategic and diplomatic cooperation, this does not mean that there have not been misunderstandings or disagreements between the two countries. The biggest post-war disagreement, perhaps, has been Japan’s whaling program. Friction over this issue dates back to the start of Japanese whaling operations in the Antarctic in 1934, but Australia’s objections have evolved over the decades.

After Japan began whaling in the Antarctic, Australia’s sought to safeguard its territorial claim in Antarctica, which had been transferred to it by the United Kingdom in 1933. Establishing Antarctic whaling operations was seen as one of the few things Australia could practically do to protect its claim. However, Australia never established an Antarctic whaling program out of concern that it would not be commercially viable when other nations were exhausting whale stocks, and Japan was especially singled out for blame.95

Australia also sought to protect its position as an active coastal whaling nation, until it abandoned commercial whaling in 1978. This meant protecting Antarctic whale stocks that made their migratory journey north past the Australian coastline. As such, Australia was an active participant in the 1931 Geneva Convention for Regulation of Whaling and the 1937 International Agreement for the Regulation of Whaling, precursors to the current International Convention for the Regulation of Whaling (ICRW) adopted in 1946.96

Japanese Antarctic whaling was also seen as a national security concern until after the end of the Second World War. There were concerns that Japan would establish its own whaling base in the Antarctic.97 Australia and the United Kingdom successfully petitioned the United States to have Japan renounce ‘all claim to any right or title to or interest in connection with any part of the Antarctic area’ under the 1951 San Francisco Peace Treaty.98

The nature of the whaling dispute shifted in the post-war era due to two key developments. First, after Supreme Commander of the Allied Powers General Douglas MacArthur permitted Japan to restart Antarctic whaling during the occupation period (1945–1952), whale meat consumption was transformed from a localised practice into a dish that was eaten nationwide. Consumption peaked in the 1960s, especially in school lunches.99 Second, environmental NGOs successfully proselytised their message globally that whaling is unethical—both due to the threat of extinction and the fact whales

---

96 Scott and Oriana, 471–72.
are intelligent mammals—and the International Whaling Commission (IWC) adopted a moratorium on commercial whaling in 1982.\textsuperscript{100} Subsequently, Japan used the scientific research provision (Article 8) in the ICRW as a loophole to continue to catch hundreds of whales per year, while disputing the scientific basis of the moratorium.\textsuperscript{101} Bureaucrats from the Fisheries Agency who control Japan’s whaling policy are reticent to give it up as it would likely lead to a decline in their political power.\textsuperscript{102} Meanwhile, pro-whaling nationalist politicians from Japan’s ruling Liberal Democratic Party and the Japanese Whaling Association have framed the issue in terms of ‘sovereignty and national pride’.\textsuperscript{103}

Pro-whaling Japanese nationalists portray themselves as ‘the victim of neo-colonial acts of foreign states, who prevent it from following its cultural traditions’.\textsuperscript{104} At the same time, they willfully ignore the fact that whale was not widely consumed in Japan prior to the Second World War and that European countries such as Norway and Iceland engage in whaling.\textsuperscript{105} The ‘hard shaming’ tactics employed by the Sea Shepherd Conservation Society, including ‘tracking down and attacking Japanese whaling vessels by water-jetting, butyric acid attacks and shooting signal rockets at the fishermen’, seem to have played into the hands of Japan’s pro-whaling nationalists and reinforced their narrative among the Japanese public.\textsuperscript{106}

Over the decades, Australian diplomats have sought to persuade Japan to cease whaling in the Southern Ocean. In May 2010, after having failed to affect any change, Australia decided to initiate proceedings at the International Court of Justice (ICJ) in The Hague with a legal strategy supported by research from the International Fund for Animal Welfare (IFAW).\textsuperscript{107} In 2014, the ICJ found in Australia’s favour, judging that Japan’s research output was not commensurate with the number of whales killed and ordered Japan to end its Southern Ocean whaling program.\textsuperscript{108} Yet Australia’s victory was somewhat short lived as Japan revised its research program to sidestep the ruling and resumed whaling in 2015.

In 2018, Japan announced its intention to withdraw from the IWC arguing that the institution no longer upheld its original purpose to enable sustainable whaling. This enabled Japan to recommence commercial whaling in its exclusive economic zone, to reduce subsidies to the whaling industry and to avoid repairing its long-range Antarctic whaling vessel, which was estimated to cost about 10 billion


\textsuperscript{104} Kolmaš, 9.


yen (US$91.3 million).\textsuperscript{109} Despite appearances, the Japanese withdrawal from the IWC may actually end up being a face-saving win-win for Japan, Australia and the international community. Less whales are likely to be killed under this program and for the first time ever there will be no whaling conducted in the Southern Ocean Whale Sanctuary.\textsuperscript{110}


6. Australia–Japan Diplomatic and Security Cooperation

Australia and Japan have significantly deepened their security cooperation throughout the post-Cold War era. The two countries are considered the northern and southern anchors of the US-led network of bilateral alliances in the Asia Pacific region, known as the San Francisco System or the hub-and-spokes system. Since the end of the Cold War, Australia and Japan have deepened and institutionalised their security cooperation. This cooperation is rooted in the shared objectives to persuade the United States to stay engaged in the region, to increase burden sharing both with the United States through the deepening of spoke-to-spoke security cooperation and to maintain shared regional stability and prosperity under an inclusive and liberal regional order. Australia–Japan security cooperation is arguably the most successful example of spoke-to-spoke cooperation in the region and the two countries are considered each other’s most important security partner after their respective alliances with the United States. Australia and Japan have also increasingly deepened trilateral and quadrilateral security cooperation with the United States and India.

6. 1 Political Engagement

The high level of Australia–Japan political engagement is underscored by the number of prime ministerial summits held between the two countries. Beginning with prime minister Robert Menzies’s visit to Japan in April 1957, there have been 42 prime ministerial summits held between the two countries. This includes 28 visits by Australian prime ministers to Japan, 13 visits by Japanese prime ministers to Australia, and one virtual summit held between Scott Morrison and Shinzo Abe in July 2020 during the COVID-19 pandemic (see Appendix 18). Notably, prime minister Julia Gillard was the first world leader to visit Japan in the wake of the Great East Japan Earthquake that triggered the 3/11 triple disaster in 2011. In 2020, Prime Minister Scott Morrison was the first world leader to hold a summit with Prime Minister Yoshihide Suga after he succeeded Shinzo Abe, despite the obstacles to travel due to COVID-19 which required Morrison to quarantine at the Lodge for two weeks upon his return to Australia.

Table 4: List of Diplomatic Missions Between Australia and Japan

<table>
<thead>
<tr>
<th>City</th>
<th>Diplomatic Service</th>
<th>Est.</th>
<th>Until</th>
<th>City</th>
<th>Diplomatic Service</th>
<th>Est.</th>
<th>Until</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>Embassy</td>
<td>1952</td>
<td>present</td>
<td>Canberra</td>
<td>Embassy</td>
<td>1953</td>
<td>present</td>
</tr>
<tr>
<td>Osaka</td>
<td>Consulate General</td>
<td>1965</td>
<td>present</td>
<td>Sydney</td>
<td>Consulate General</td>
<td>1954</td>
<td>present</td>
</tr>
<tr>
<td>Sendai</td>
<td>Consulate</td>
<td>1992</td>
<td>2007</td>
<td>Melbourne</td>
<td>Consulate General</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Nagoya</td>
<td>Consulate</td>
<td>1992</td>
<td>2009</td>
<td>Perth</td>
<td>Consulate General</td>
<td>1966</td>
<td>present</td>
</tr>
<tr>
<td>Fukuoka</td>
<td>Consulate</td>
<td>1992</td>
<td>2000</td>
<td>Brisbane</td>
<td>Consulate General</td>
<td>1972</td>
<td>present</td>
</tr>
<tr>
<td>Fukuoka</td>
<td>Consulate General</td>
<td>2000</td>
<td>2019</td>
<td>Cairns</td>
<td>Consulate</td>
<td>1997</td>
<td>present</td>
</tr>
</tbody>
</table>

6.2 Bilateral Security Cooperation


The two countries have institutionalised their cooperation through a number of declarations and agreements as well as the regularisation of high-level meetings. A major step forward was the conclusion in 2007 of the Joint Declaration on Security Cooperation (JDSC). The JDSC deepened cooperation across a range of areas including law enforcement, border security, counter-terrorism, disarmament, non-proliferation of weapons of mass destruction, maritime and aviation security, humanitarian and disaster relief operations, and exchange of strategic assessments. It also helped to strengthen practical cooperation between the ADF and the SDF including through the exchange of personnel and joint exercises and training.\footnote{MOFA, ‘Japan–Australia Joint Declaration on Security Cooperation’, 7 March 2007, https://www.mofa.go.jp/region/asia-paci/australia/joint0703.html.}

A further outcome of the JDSC was the establishment of regular 2+2 Foreign and Defence Ministers Meetings. Australia–Japan 2+2 meetings have been held eight times since 2007. The 2+2 meetings have covered a wide range of issues including deepening Australia–Japan bilateral security cooperation, mutual cooperation trilaterally with the United States, quadrilateral cooperation with the United States and India, strategy on the Free and Open Indo-Pacific (FOIP), engagement with ASEAN countries, and the situations in the South China Sea and in North Korea.\footnote{‘Eighth Japan–Australia Foreign and Defence Ministerial Consultations’, Ministry of Foreign Affairs of Japan, 18 October 2018, https://www.mofa.go.jp/a_o/ocn/au/page3e_000949.html.}

In 2010, Australia–Japan concluded the Acquisition and Cross-Servicing Agreement (ACSA). The ACSA provides a framework for the ADF and the SDF to engage in ‘the reciprocal provision of supplies and services for such activities as: exercises and training, UN Peace Keeping Operations, humanitarian

\begin{flushright}{\footnotesize 39}
\end{flushright}
relief operations, operations to cope with large scale disasters, transportation of nationals and others in overseas exigencies, or other routine activities’.118 This was Japan’s second such agreement after its ACSA with the United States signed in 1996.

In the wake of the Great East Japan Earthquake triple disaster on 11 March 2011, the ADF and the SDF deepened their cooperation through Operation Pacific Assist. The Royal Australian Air Force dispatched three C-17 Globemaster aircraft to assist the SDF with transportation from Okinawa to Fukushima for the disaster response. This included the transport of over 450 tonnes of vehicles, people and supplies as well as a remotely operated water cannon system that was used as part of the containment operations after the meltdown at the Fukushima Daiichi Nuclear Power Plant.119

In May 2012, the two countries concluded an Information Security Agreement (ISA). The ISA provides a strengthened legal framework for the exchange of classified information between Australia and Japan.120 The ISA grew out of the JDSC, stipulating the ‘exchange of strategic assessments and related information’ and the 2+2 meeting, which in 2008 called for the establishment of an ISA.121

In September 2012, Australia and Japan concluded the Common Vision and Objectives (Vision Statement) at the fourth 2+2 meeting. The Vision Statement declares Australia and Japan to be ‘natural strategic partners’ and envisions a ‘new phase of Japan-Australia defence cooperation’ with a focus on ‘how the two countries can cooperate in shaping the future of the Asia-Pacific region’.122 This vision identified cooperation objectives across a wide range of areas, including building positive relations with China to support its ‘constructive participation in the international rules-based order’, multilateral cooperation for ‘long-term peace and stability on the Korean Peninsula’, strengthening the East Asia Summit ‘to promote cooperation on political, security, economic and other challenges facing the region’, and ‘strengthening joint efforts in support of sustainable development in the Pacific’.123

In July 2014, Australia and Japan concluded the Agreement Concerning the Transfer of Defence Equipment and Technology. This agreement provides a legal framework for ‘Japan and Australia to participate in the joint research, development, and production of defence equipment and technology, and for the handling of defence equipment and technology to be transferred between Japan and Australia’.124 Notably, this agreement came just months after the Japanese government replaced its 1967

122 Ishihara, 104.
Three Principles on Arms Exports (that effectively banned arms exports) with the Three Principles on Transfer of Defense Equipment and Technology, as the Abe government sought to promote the export of Japanese arms and military equipment.125

On the back of the defence technology transfer agreement, Australia and Japan upgraded their security cooperation to the level of 'Special Strategic Partnership'. The joint statement accompanying the announcement emphasised the comprehensive nature of the relationship. According to the statement, the relationship encompasses economic relations, security and defence cooperation, cooperation on regional and international issues, and cultural and people-to-people exchanges. Further, the statement emphasised a new level of political commitment with Australian prime minister Tony Abbott and Japanese prime minister Shinzo Abe confirming that the two countries’ leaders 'would meet annually, alternately in Australia and Japan, to take forward the special relationship'.126

In November 2020, Australian Prime Minister Scott Morrison went to Tokyo where he announced with Japanese Prime Minister Yoshihide Suga an 'in-principle' agreement on a Reciprocal Access Agreement (RAA). The RAA is intended to streamline the process for stationing ADF troops in Japan and SDF troops in Australia, and to 'facilitate joint military exercises and disaster relief and to bolster interoperability'.127 While it is expected that a deal will be signed in 2021, a key sticking point regarding the potential application of the death penalty for ADF personnel is yet to be resolved.128

It worth noting that in many cases the conclusion of security-related agreements with Australia were often ground-breaking firsts for Japan outside of its alliance with the United States and opened the way for agreements with other security partners. For instance, after the Australia–Japan JDSC in 2007, Japan established similar security declarations with India (2008), Canada (2010) and the United Kingdom (2017). After the Australia–Japan 2+2 in 2007, Japan established 2+2 frameworks with France (2014), the United Kingdom (2015), Indonesia (2015) and India (2019). The Australia–Japan AGSA in 2010 was followed by similar deals with the United Kingdom (2017) and Canada (2018).

6.3 The Australia-Japan submarine saga
A hiccup in Australia–Japan security cooperation came in 2016 because of decisions made about Australia’s Future Submarine Program (SEA1000). Australia awarded French firm DCNS the contract to build its next generation of submarines ahead of Japanese and German bids. Japan was left disappointed after believing it was the frontrunner for the contract.

Expectations of an Australia–Japan submarine deal were built on a personal relationship between prime minister Tony Abbott and prime minister Shinzo Abe. Abe’s desire to deepen cooperation with Australia was part of his broader project to loosen the post-war restraints on Japanese security policy.129 Abbott was keen to strengthen US–Japan–Australia trilateral security cooperation on the recommendations of his former national security advisor Andrew Shearer.130 As such, both men overpromised what they could deliver.

There was never a broad consensus in Australia about the relational aspect of the deal—entrenched by its ‘40-year lifespan and ongoing service requirements’—to deepen US–Japan–Australia security cooperation.131 A number of Australian commentators argued that the expectation that Australia align itself strategically with Japan and the United States against a rising China was too big a constraint on Australian independence and flexibility. Ultimately, it posed the risk of Australia having to either automatically commit to support Japan in a possible future conflict against China or jeopardise Japanese support in the upkeep of its submarines.132

The question of where to build the submarines became a political issue. Abe wanted to have the submarines built in Japan to headline his efforts to position Japan as a new major player on the global arms export stage. However, Japan’s defence companies, Mitsubishi Heavy Industries (MHI) and Kawasaki Shipbuilding Corp (KSC), only have capacity to supply Japan’s Maritime Self-Defense Forces and appeared less interested in the project than the Abe government.133 Before Abbott consulted his cabinet about the necessity of a competitive tender process, he supported Abe’s plan. This is despite the fact that in 2013 as leader of the Liberal party, Abbott supported a bipartisan consensus with the opposition Labour government under Julia Gillard that Australian submarines would be built domestically to create jobs in Adelaide.134 A number of politicians from his party in South Australia were relying on the submarines being built there to shore up votes.135

After Abbott was ousted by Malcolm Turnbull in 2015, concerns came to the fore about Japan’s inexperience in the arms export business and the lack of enthusiasm about the deal in Japan. Japan had only recently revised its arms export law in 2014 and this was to be its first international deal on arms and defence technology. Moreover, the Australian Department of Defence was reportedly concerned that Abe’s enthusiasm about the deal was not shared by bureaucrats in Japan’s Ministry of Defense who

131 EAF Editorial Board, ‘Australia’s Fraught Decision on Submarines’.
were hesitant about the transfer of sensitive submarine technology—the crown jewels of Japan’s naval force.\textsuperscript{136}

6.4 Trilateral and Quadrilateral Cooperation with the United States and India

One of the key underpinnings of Australia–Japan security cooperation is their mutual alliances with the United States. As a result, trilateral US–Australia–Japan security cooperation has emerged as a key objective for the three countries. At the same time, quadrilateral security cooperation with the United States and India has also been developed gradually. However, the form and objectives of this cooperation are contested and ill-defined.\textsuperscript{137}

The origins of US–Australia–Japan trilateral security cooperation can be traced to the US–Japan Joint Security Declaration and the Sydney Statement, which concluded in 1996. As argued by Satake, these statements served to redefine the US–Japan and US–Australia alliances away from a traditional bilateral defense arrangement to one that focussed on addressing regional and global security problems. As such, ‘Tokyo and Canberra came to play a more explicit role in responding to both regional and global contingencies such as terrorism, regional conflicts, and the proliferation of weapons of mass destruction’.\textsuperscript{138}

Subsequently, the three countries established a trilateral dialogue in 2002. At first the trilateral dialogue met at the vice-ministerial level. It was then upgraded with the establishment of the Trilateral Strategic Dialogue (TSD) in 2006 at the foreign minister level. Part of the motivation for Australia and Japan was to keep the United States engaged in the Asia Pacific region through increased burden sharing at a time when the United States was showing an increased focus on the Middle East after the 9/11 terrorist attacks.\textsuperscript{139} The TSD also enabled the United States to promote greater interoperability between Japan and Australia.\textsuperscript{140}

Quadrilaterally, security cooperation between Australia, Japan, India and the United States emerged in the wake of the 2004 Indian Ocean tsunami. This included the establishment of the ‘Tsunami Core Group’ to ‘facilitate coordination of relief activities’.\textsuperscript{141} While this was only intended to serve the immediate aftermath of the tsunami, it took on a broader scope after it was promoted further by


\textsuperscript{140} Satake and Hemmings, 825.

Japanese prime minister Shinzo Abe and foreign minister Taro Aso.\textsuperscript{142} It also found support in the United States from vice president Dick Cheyney.\textsuperscript{143}

In 2007, the four countries established the Quadrilateral Security Dialogue (Quad). The leaders of the four countries met for the first Quad meeting in May 2007 on the sidelines of the ASEAN Regional Forum in Manila. The four countries also held a number of joint military exercises. However, disagreement over whether the Quad would unnecessarily aggravate China to the detriment of regional stability saw former prime minister Kevin Rudd withdraw Australia from the grouping in 2008. The Quad thus lay dormant until it was resurrected in 2017.

The Quad appears to be hobbled by its unclear purpose. As argued by H. D. P. Envall, it must overcome two key challenges if it is to be viable into the future. First, ‘it is unclear whether the four powers will be able to maximise opportunities for cooperation while ensuring that wider geopolitical rivalries do not again overwhelm the grouping’. Second, ‘given that it has been revived to support th[e] ‘Indo-Pacific’ order, the [Quad] is constrained by the vagueness of the Indo-Pacific concept and the absence of Indonesia’.\textsuperscript{144}

\section*{6.5 Regional Institution Building}

Australia and Japan have played an instrumental role in establishing regional institutions to promote shared regional stability and prosperity and deepen multilateral regional security cooperation. The inclusivity of regionalism in the Asia Pacific is a shared concern of both Australia and Japan. For Japan, multilateral forums provide a neutral venue to forge cooperation with regional neighbours with whom questions of Japan’s legacy in the Second World War are still unresolved. For Australia, multilateral forums have helped it forge a cooperative relationship with a region where it had long been perceived as an outsider and the European colonial outpost.

In 1989, Australia and Japan cooperated to establish the Asia-Pacific Economic Cooperation (APEC). This was the first forum where the heads of state from Asia Pacific countries could regularly meet. Moreover, APEC has played a critical role in promoting free trade in the Asia Pacific. This is a critical shared interest for Australia and Japan given their reliance on free trade for economic security.\textsuperscript{145}

Australia and Japan also cooperated in promoting ASEAN centrality through ASEAN-led forums. Australia–Japan cooperation contributed to the establishment of the ASEAN Regional Forum (ARF). Japan played a critical role in championing the expansion of the ASEAN+3 forum into ASEAN+6, which included Australia, New Zealand and India. This was the precursor to the East Asia Summit, which now includes the United States and Russia as the seventh and eighth ASEAN partners. At the same


time, Australia and Japan have worked closely to coordinate their cooperation in the ASEAN Defense Ministers' Meeting Plus (ADMM+).\textsuperscript{146}

7. Selected Bibliography of Australia-Japan Relations

7.1 Economic Diplomacy and Regionalism


### 7.2 History and Culture


7.3 International Relations, Security and Diplomacy


Appendices

Appendix 1: Number of Japanese High School Students Participating in Overseas Study Trips


Appendix 2: Number of Japanese High School Students Participating in Overseas Study Trips to Australia

Appendix 3: Number of High School Students Participating in Overseas Study Trips to Japan


Appendix 4: Number of Australian High School Students Participating in Overseas Study Trips to Japan

Appendix 5: Number of Japanese High School Students Participating in Overseas Student Exchanges


Appendix 6: Number of Japanese High School Students on Overseas Exchanges to Australia

Appendix 7: Number of Australian Students on Overseas Exchanges at Japanese High Schools


Appendix 8: Number of International Students Hosted by Japanese High Schools on Student Exchanges

Appendix 9: Number of Japanese Students Participating in Overseas School Excursions


Appendix 10: Number of Japanese Students Participating in School Excursions to Australia

Appendix 11: Number of International Students Participating in School Excursions to Japan Hosted by a Japanese High School


Appendix 12: Number of Australian Students Participating in School Excursions to Japan Hosted by a Japanese High School

Appendix 13: Japanese Student Enrolments at Australian Higher Education Institutions


Appendix 14: Japanese Student Enrolments at Australian Vocational Education and Training Institutions

Appendix 15: Japanese Student Enrolments in ELICOS Programs


Appendix 16: Working Holiday Makers to Japan by Nationality

Appendix 17: Working Holiday Visas (subclass 417 & 462) Issued by Australia

Source: Department of Home Affairs, Australian Government Data, Working Holiday Maker Visas Granted Pivot Table.
### Appendix 18: List of Australia-Japan Prime Ministerial Summits

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Australian PM</th>
<th>Japanese PM</th>
<th>Location</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apr-1957</td>
<td>Robert Menzies</td>
<td>Nobusuke Kishi</td>
<td>Tokyo</td>
<td>NAA: A463, 1956/1760 PART 1</td>
</tr>
<tr>
<td>3</td>
<td>Sep-1963</td>
<td>Robert Menzies</td>
<td>Hayato Ikeda</td>
<td>Canberra, Sydney, Melbourne</td>
<td>NAA: A1209, 1963/6541 PART A</td>
</tr>
<tr>
<td>5</td>
<td>May-1970</td>
<td>John Gorton</td>
<td>Eisaku Sato</td>
<td>Tokyo, Osaka</td>
<td>NAA: AA1980/735, 197</td>
</tr>
<tr>
<td>9</td>
<td>Apr-1978</td>
<td>Malclom Fraser</td>
<td>Takeo Fukuda</td>
<td>Tokyo</td>
<td>NAA: M4805, 6</td>
</tr>
<tr>
<td>10</td>
<td>Jan-1980</td>
<td>Malclom Fraser</td>
<td>Masayoshi Ohira</td>
<td>Canberra, Melbourne</td>
<td>NAA: A1209, 1979/1730</td>
</tr>
<tr>
<td>11</td>
<td>Jul-1980</td>
<td>Malclom Fraser</td>
<td>Zenko Suzuki</td>
<td>Tokyo (PM Ohira funeral)</td>
<td>NAA: M1343, 35</td>
</tr>
<tr>
<td>12</td>
<td>May-1982</td>
<td>Bob Hawke</td>
<td>Yasuhiro Nakasone</td>
<td>Tokyo</td>
<td>NAA: M1269, 34</td>
</tr>
<tr>
<td>14</td>
<td>May-1986</td>
<td>Bob Hawke</td>
<td>Yasuhiro Nakasone</td>
<td>Tokyo</td>
<td>NAA: A1209, 1986/286 PART 1</td>
</tr>
<tr>
<td>15</td>
<td>Dec-1987</td>
<td>Bob Hawke</td>
<td>Noboru Takeshita</td>
<td>Tokyo</td>
<td>NAA: M3856, 78</td>
</tr>
<tr>
<td>17</td>
<td>Sep-1990</td>
<td>Bob Hawke</td>
<td>Toshiki Kaifu</td>
<td>Tokyo</td>
<td>NAA: M3856, 141</td>
</tr>
<tr>
<td>19</td>
<td>Apr-1993</td>
<td>Paul Keating</td>
<td>Kiichi Miyazawa</td>
<td>Canberra</td>
<td>NAA: A463, 1993/1704</td>
</tr>
<tr>
<td>21</td>
<td>Nov-1995</td>
<td>Paul Keating</td>
<td>Toshiichi Murayama</td>
<td>Osaka (APEC)</td>
<td>NAA: A8746, KN7/6/95</td>
</tr>
<tr>
<td>22</td>
<td>Sep-1996</td>
<td>John Howard</td>
<td>Ryutaro Hashimoto</td>
<td>Tokyo</td>
<td>NAA: A13966, 961146-961190</td>
</tr>
<tr>
<td>23</td>
<td>Apr-1997</td>
<td>John Howard</td>
<td>Ryutaro Hashimoto</td>
<td>Canberra</td>
<td>NAA: A463, 1997/1060-1070</td>
</tr>
<tr>
<td>24</td>
<td>Jul-1999</td>
<td>John Howard</td>
<td>Keizo Obuchi</td>
<td>Tokyo, Osaka</td>
<td>NAA: A13966, 990500-990536</td>
</tr>
<tr>
<td>25</td>
<td>Jun-2000</td>
<td>John Howard</td>
<td>Yoshihiro Mori</td>
<td>Tokyo (PM Obuchi funeral)</td>
<td>MOFA</td>
</tr>
<tr>
<td>26</td>
<td>Aug-2001</td>
<td>John Howard</td>
<td>Junichiro Koizumi</td>
<td>Tokyo</td>
<td>MOFA</td>
</tr>
<tr>
<td>27</td>
<td>May-2002</td>
<td>John Howard</td>
<td>Junichiro Koizumi</td>
<td>Canberra</td>
<td>MOFA</td>
</tr>
<tr>
<td>28</td>
<td>Jul-2003</td>
<td>John Howard</td>
<td>Junichiro Koizumi</td>
<td>Canberra, Sydney</td>
<td>MOFA</td>
</tr>
<tr>
<td>29</td>
<td>Mar-2007</td>
<td>John Howard</td>
<td>Shinzo Abe</td>
<td>Tokyo</td>
<td>MOFA</td>
</tr>
<tr>
<td>30</td>
<td>Jun-2008</td>
<td>Kevin Rudd</td>
<td>Yasuo Fukuda</td>
<td>Tokyo</td>
<td>MOFA</td>
</tr>
<tr>
<td>31</td>
<td>Dec-2009</td>
<td>Kevin Rudd</td>
<td>Yukio Hatoyama</td>
<td>Tokyo</td>
<td>MOFA</td>
</tr>
<tr>
<td>32</td>
<td>Apr-2011</td>
<td>Julia Gillard</td>
<td>Naoto Kan</td>
<td>Tokyo</td>
<td>MOFA</td>
</tr>
<tr>
<td>33</td>
<td>Apr-2014</td>
<td>Tony Abbott</td>
<td>Shinzo Abe</td>
<td>Tokyo</td>
<td>NLA</td>
</tr>
<tr>
<td>34</td>
<td>Jul-2014</td>
<td>Tony Abbott</td>
<td>Shinzo Abe</td>
<td>Canberra</td>
<td>NLA</td>
</tr>
<tr>
<td>35</td>
<td>Dec-2015</td>
<td>Malcolm Turnbull</td>
<td>Shinzo Abe</td>
<td>Tokyo</td>
<td>NLA</td>
</tr>
<tr>
<td>36</td>
<td>Jan-2017</td>
<td>Malcolm Turnbull</td>
<td>Shinzo Abe</td>
<td>Sydney</td>
<td>NLA</td>
</tr>
<tr>
<td>37</td>
<td>Jan-2018</td>
<td>Malcolm Turnbull</td>
<td>Shinzo Abe</td>
<td>Tokyo</td>
<td>PM of Australia</td>
</tr>
<tr>
<td>38</td>
<td>Nov-2018</td>
<td>Scott Morrison</td>
<td>Shinzo Abe</td>
<td>Darwin</td>
<td>PM of Australia</td>
</tr>
<tr>
<td>39</td>
<td>Jun-2019</td>
<td>Scott Morrison</td>
<td>Shinzo Abe</td>
<td>G20, Osaka</td>
<td>PM of Australia</td>
</tr>
<tr>
<td>40</td>
<td>Jul-2020</td>
<td>Scott Morrison</td>
<td>Shinzo Abe</td>
<td>Virtual Summit</td>
<td>PM of Australia</td>
</tr>
<tr>
<td>41</td>
<td>Nov-2020</td>
<td>Scott Morrison</td>
<td>Yoshihide Suga</td>
<td>Tokyo</td>
<td>East Asia Forum</td>
</tr>
</tbody>
</table>