

Howard brings home the goods from Japan trip

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Congratulations to Prime Minister John Howard and the Australian government. Howard's visit to Tokyo this week advanced a long-standing and long-frustrated international policy objective and enhanced Australia's economic and strategic position. Not bad for a three-day trip.

Australia's relationship with Japan has long been held as our most important in East Asia, and Japan has done much to foster Australia's acceptance in East Asia.

Japan is the northern anchor of the United States's regional alliance system while Australia is the southern one. Japan has been Australia's largest export destination for each of the last 40 years. Last year, Japan alone accounted for 20.4 per cent of our merchandise exports.

Yet, it has also been one of our most frustrating relationships as Japanese domestic politics and the shadow of World War II have precluded substantial progress in two areas that Australia sees as central: further liberalisation of the Japanese economy, particularly in agriculture and services; and the "normalisation" of Japan's security posture to one more befitting the world's second-largest economy and our "closest friend in Asia".

The two big deliverables from Tokyo, the Japan-Australia joint declaration on security co-operation and the agreement to speed up comprehensive free-trade negotiations, check both of these boxes. Five years ago, talk of a security agreement of any sort or a comprehensive trade deal with Japan would have led to a stunned, bemused silence.

Japan's fearsome agricultural lobby and its farmer-friendly electoral system precluded a trade deal, while Japan's peace constitution and deep wellspring of popular pacifism ruled out Japan looking beyond the gilded cage of its alliance.

The demographic decline of Japan's farming population, the shift to a rentier economy and growing concerns about energy security have transformed Tokyo into a keen, if hesitant, proponent of free-trade deals.

Generational change, the rise of China and North Korea's nuclear-tipped belligerence have tilted the national debate over Japan's defence posture for the first time in postwar Japanese history in favour of the conservatives.

Like Prime Minister Shinzo Abe, Opposition Leader Ozawa Ichiro is a long-time proponent of constitutional revision and a more assertive Japan.

Australia has been among the first to identify these new openings and take advantage of them. Canberra was the protagonist for both the joint declaration and the free-trade agreement.

Australia is the first country outside of the US that Japan has signed a security agreement with, thus connecting the two major spokes of the American alliance system in East Asia for the first time.

Similarly, Australia is the second major developed economy that Japan has agreed to start FTA talks with. South Korea and Japan have already been negotiating for a few years but so far history has trumped the future and talks have gone nowhere.

An FTA with Japan would have two redeeming features. Along with the US FTA and a China one, it would deliver Australia deeper and more predictable trade relations with the world's three largest economies.

It also should help Australia rectify one of its greatest economic imbalances. Australia sells a lot to Japan, yet Australians invest very little in Japan.

According to Austrade, less than 100 Australian firms operate in Japan. An FTA should expand Australia's economic engagement beyond selling its raw resources and nice beaches into new growth areas for Australia and growth markets for Japan like health and financial services.

FTA negotiations with Japan, of course, will not and should not be isolated from the difficult ones with China, as progress on one front may overcome sensitivities on the other.

The joint declaration (not a treaty and certainly not an alliance) is similar in feel and complements well the recently signed Lombok treaty with Indonesia. Australia's growing non-traditional security relations with Indonesia will benefit from a post-East Timor security framework.

Similarly, Australia's rapidly growing security relations with Japan and our shared concerns over terrorism, proliferation and North Korea will benefit from a post-WWII security framework.

A closer security arrangement should add more balance to both countries' alliance relations with the US by allowing Canberra and Tokyo to develop more harmonised policy positions.

Australia's most important international policy challenge is to simultaneously enhance our relations with the global superpower, a rising China and a more assertive Japan.

This week's trip to Tokyo bolstered the Japanese side of this strategic triangle while potentially strengthening our position in the alliance with the US and in trade negotiations with China.

It may be a long time before another foreign trip by an Australian prime minister delivers so much so quickly.

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