

Reimagining the Japan Relationship **An Agenda for Australia's Benchmark Partnership in Asia**

Japan is of growing importance to Australia in securing its regional and global interests. It is the world's third largest economy, Australia's second largest source of foreign investment, its third largest trading partner and its benchmark Asian partner.

Australia's relationship with Japan has never been more close, a relationship the Australian Government has worked to elevate.

But the Japan relationship needs to be reimagined if it is to cope with accelerating economic, environmental and social changes in both countries and a dramatically changing geopolitical environment. The most important geopolitical, economic and security faultlines in the world are in Australia's and Japan's own backyard and in this context Japan's importance to Australia will only grow.

Government leadership is crucial to revamp and build the relationship that is now needed with Japan. Drawing on the assets that already exist in the relationship, it can engage all levels of government, industry, academia and the community in that effort.

Key recommendations for government from the report include:

- Australia's designation of Japan as a **most favoured partner**, broadening the traditional definition of most-favoured nation to consider expanding to Japan equal best treatment in other relationships across all domains unilaterally. This will include, for example, consideration of a technology agreement with Japan similar to AUKUS and similar working visa access for Japan to that for the United Kingdom.
- **New institutional frameworks** and linkages that include expanded Ministerial Economic Dialogues to include the Australian Treasurer and the Japanese Finance Minister annually; a Ministerial Policy Dialogue on Education, Culture and Sport; annual strategic dialogues for each Australian line department with its Japanese counterpart, including the exploration for regular exchange of staff; and supporting business-led high level dialogues and Track 1.5 and Tack 2 processes on energy transition, comprehensive regional security and shared social and demographic issues.
- **Build the capacity** to better understand Japan and equip Australia with the capabilities to take advantage of opportunities with Japan, even as it becomes a more important strategic partner. Priorities include introducing and rewarding qualifications in Japan-literacy and experience in the public service; expanding the New Colombo Plan to postgraduate students; thickening exchanges between officials; and a reverse JET program that brings Japanese graduates to teach in Australian schools.

Australia supplies two thirds of Japan's key industrial materials and close to one third of its entire energy needs. The structure of this trade has to change fundamentally as Australia and Japan decarbonise their economies. The energy and demographic transitions underway in both countries drive an agenda that transforms the bilateral relationship and its regional and international roles.

This is a whole-of-nation agenda — one which will have to be led by the Commonwealth Government but must engage all levels of government, the National Cabinet, business and stakeholders across the community.