

Australia-Japan Young Political Leaders Exchange Program
26 February – 5 March 2005
Tokyo/Kyoto

Delegation Report

Participants

Ms Kate Ellis MP (Delegation Leader)

Australian Labor Party
Federal Member for Adelaide

Mr Steven Ciobo MP

Liberal Party of Australia
Federal Member for Moncrieff

Mr Luke Hartsuyker MP

National Party
Federal Member for Cowper

Mr Andrew McNamara MP

Australian Labor Party
State Member for Hervey Bay

Mr Robert Clancy

Liberal Party of Australia
Office of the Leader of the Opposition, Victorian Parliament

Ms Kim Baker

Australian Political Exchange Council Representative

All members of the delegation enjoyed the access to a range of high-level political figures, senior officials and experts. The delegates received briefings on a wide range of issues which all proved to be interesting and insightful. The major themes encountered were:

- War in Iraq – Japan and Australia’s role.
- Potential of Japan Australia Free Trade Agreement.
- Moves toward an East Asia community and where Australia fits.
- Japanese Economy.
- Reform agenda of Japanese Government in particular the postal system.
- Differing roles of public servants in Japan and Australia.
- Australia Japan cooperation on security in our region.

The delegation experienced traditional food and gained an appreciation of ancient culture in addition to the briefings and meetings that were held.

DAY ONE

Monday 28 February 2005

9.00am Briefing - “Socio-Political Developments in Japan” - Tadashi Yamamoto, President, Japan Center for International Exchange

The delegation gained a lot from the opportunity to meet with Mr Tadashi Yamamoto. Mr Yamamoto is President of the Japan Center for International Exchange and founded the organisation in 1970. He met with us and gave a useful background to the Japan Center for International Exchange, his particular role, the many and varied issues we were likely to face during the week and our program in detail.

In particular he brought up the following issues:

- The New Komeito Party is opposed to Japanese Self Defence Force being allowed to engage in military action but in order to stay in government coalition with LDP, they go along with things like Japan’s involvement in Iraq War. Party politics in Japan is changing and party alliances are not fixed.
- Postal System – PM is pushing for reform. Pension system, major problem looming with ageing people. Major policy challenges are being met by younger, better-informed, harder working and more professional politicians who are challenging the bureaucracy. It is important that policy advisers are policy specialists not party political operatives.
- Emergence of civil society – in mature pluralistic societies there is a growing role for NGOs since 1990s.

10.30am Meeting - New Komeito Party Executives

- Isamu Ueda, Senior Vice-Minister of Finance, Member of the House of Representatives.
- Yasuyuki Eda, Member of the House of Representatives.
- Kiyohiko Toyama, Member of the House of Councillors.
- Kaori Maruya, Member of the House of Representatives.
- Sanehito Nishida, Member of the House of Councillors.
- Hiroshi Takano, Member of the House of Councillors.

The delegation enjoyed a varied discussion with members of the New Komeito Party.

The Party representatives stressed the importance that they placed on the economic ties between our two nations and how they were looking forward to Prime Minister Howard's visit.

They outlined their experiences with Coalition politics – focus of reaching agreement on policy can be very difficult but worth it. They consider that they have more than proportionate influence (LDP has 9 times as many seats as NKP).

New Komeito Party has had particular success in environmental and social policies - changing LDP position to a more diverse one.

Concern was expressed about credit and debit card fraud – this crime is on the rise and they are having trouble fighting it.

The New Komeito representatives felt very strongly about the role of the Self Defence Force – who they believe must play a humanitarian role only.

3.30pm Briefing – “The prospect of Japanese economy and its future challenges” – Takashi Kiuchi, Statutory Auditor, Shinsei Trust & Banking Co Ltd

The delegation had the good fortune to spend time discussing the Japanese economy with Mr Takashi Kiuchi. Mr Kiuchi is the Statutory Auditor of the Shinsei Trust and Banking Co Ltd, and is the former Economic Advisor of Shinsei Bank. He is also an occasional adviser to government committees of the Ministry of Economy, Trade and Industry, Economics Planning Agency, Ministry of Finance, and the Ministry of Post and Telecommunications. The delegation all found great interest in Mr Kiuchi's insight and theories. He made a number of interesting points to us, which are detailed below.

- Last decade and 'lost decade' for Japan. Reform process seemed too large. Now finally some positive prospects.
- Japan now in the 'soft start' of the beginning of turn around in economic fortune. Past 3 years have been low levels of GDP growth.
- Growth for country this year expected to be around 1 – 1.5%.

- Increased capital investment.
- Growth driven by: reform of past years; company profits increasing and therefore hiring increasing; and the consolidation of the financial services industry.
- Only soft spot is domestic consumption, employment levels of the past decade are down and salary growth is down therefore consumption is soft.
- It is widely accepted that reform is required. Koizumi was elected on reform agenda despite significant concern from within the LDP.
- Principle problem is the government was simply too large. Bureaucracy too large for decades – needed streamlining.
- Much policy focused on protection of inefficient industry. Many wasteful public works projects scrapped.
- Reduction of block grants to local councils which hamper enterprise.
- Koizumi is pursuing reform despite heavy LDP constituency coming from stakeholders.
- 2005 major reform to privatise the Postal services/Savings Institutes.
- Central government deficit is approaching 45% of GDP. Despite this, capital markets are stable – principally because of Japan's large trade surplus.
- Need to achieve balance between pro-growth policies, but also need to raise tax receipts.
- Public is very focused on reforms likely to be introduced to pensions. Pensions are impacted on by decreasing birth rate, and increased ageing of the population. Baby boomer problems. Need better balance pension contribution (increase) and pension benefit (decrease).
- PM has promised that he would not reform the pension scheme however; public sentiment is not to tolerate jeopardising Japan's economy.

Dinner with Australian Ambassador Murray McLean

The delegation dined at the Australian Embassy with the Australian Ambassador, Mr Yamamoto, Members of the Japanese Diet, embassy staff and business leaders.

DAY TWO
Tuesday 1 March

10.30am Briefing – “Australia - Japan relations in the Asia Pacific” – Ministry of Foreign Affairs Officials, Yasushi Misawa, Director, Oceania Affairs Division

We began Day Two by meeting with Yasushi Misawa, the Director of the Oceania Affairs Division of the Ministry of Foreign Affairs and a former First Secretary at the Japanese embassies in Indonesia and Germany. Mr Misawa’s briefing covered: the characteristics of the Australia-Japan Economic Relationship and how this relationship is changing with the globalisation of the world economy; efforts towards economic development and integration of the East Asia region; the influence of the East Asian integration on the Australia -Japan economic relationship; feasibility of an Australia-Japan Free Trade Agreement; Political Stability and security in the Asia-Oceania region and Australia- Japan Cooperation in Politics and Security.

In particular, Mr Misawa highlighted trade relations between Japan and Australia and the Japan and ASEAN.

He also stated that Australia’s announcement regarding additional troops to Iraq demonstrates a broad relationship between Australian and Japan. Japan, the United States and Australia have a strong 3-way strategic relationship.

He believes that in the Solomon Islands revitalising peace is an important co-operative effort between our two 2 countries. More broadly he argues that we both have a very important role in the region and that non-proliferation efforts will be particularly important for both countries to concentrate on in efforts.

Lunch hosted by Minister of Foreign Affairs – Kazuo Kodama, Deputy Director-General, Economic Cooperation Bureau-Asian and Oceania Affairs Bureau –

A traditional Japanese lunch was shared with Kazuo Kodama, Deputy Director-General of the Economic Co-operation Bureau of the Ministry of Foreign Affairs. Mr Kodama shared with the group his experiences and observations since joining the Ministry of Foreign Affairs in 1976. He has since served as Director of the Oceania Division, European Oceania Affairs Bureau, and of the International Press Division and as Minister at the Japanese Embassies in the US and India.

2.30pm Meeting – Yoriko Kawaguchi, Special Adviser to the Prime Minister

We met with Yoriko Kawaguchi, the Special Assistant to the Prime Minister in charge of Foreign Affairs, and former Minister for Foreign Affairs herself. She spoke of her past visit to Australia and enquired as to the different histories of travel in Japan in Japan that our delegates had.

She stated that Japan is grateful for Australian's decision to send an additional 450 troops to Iraq to assist the Japanese Self Defence Force and that the Japanese place a very significant level of pride in the strength of the Japan – Australia relationship.

3.30pm “Changing Nature of Australia-Japan Trade Relations” – Kazuyuki Kinbara, Director International Economic Affairs Bureau, NIPPON KEIDANREN (Japan Business Federation)

Nippon is the Japan Federation of Economic Organisations and our delegation was fortunate enough to meet with their Director of the International Economic Affairs Bureau, Mr Kanzukki Kinbara who had been at the organisation since 1979. He shared a variety of views with the group.

- Japan's first FTA was Singapore in 2002. Business community not initially interested in FTA with Singapore. FTA with Mexico agreed to in 2004 – this agreement far more substantial.
- Agriculture is major problem with FTA Japan/Philippines. Continuous and tight restrictions on movement of people.
- Minister for Agriculture very cautious of FTA with Australia.
- FTA with Australia – member companies don't need to protect industrial good. Agricultural section very concerned by FTA.
- Mr Kinbara stated agriculture needs structural reform with or without a FTA. Agriculture not totally opposed to FTA but will take time to open markets.
- Keidanren has been a strong supporter of structural reform of the Japanese business and social security reform.
- Chamber of Commerce at local level not as supportive of reform process.
- Keidanren is focused on the need to drive recovery through export and structural reform.
- Japan producing more cars in plants outside of Japan. Mr Kinbara believes FTA is a worldwide trend but WTO still important.
- Japan is pursuing China on IP issues.
- Shipping capacity not a problem at this stage. Japanese shipping companies making real profits.
- Growth in China – most people believe 9% pa growth by China is not sustainable long term.

- Improvement in Japanese business confidence as Japanese economy recovers.
- Japanese technology and capital needed to keep Chinese growth going.
- Slowing growth in China would have a significant impact on Japanese.
- Impact of ageing population – Japan very concerned with ageing of population but it is a new issue in Japan.
- Japan needs to look at immigration to provide labour but general public not ready to embrace changes to immigration.
- More opportunities need to be made available for women.
- Japan looking at reviewing education system.

5.15pm Meeting – Democratic Party of Japan (DPJ) Executives

- Yukio Hatoyama - Member of the House of Representatives; next Shadow Minister of Foreign Affairs.
- Nobumori Otani – Member of the House of Representatives, next Shadow First Vice Minister of Foreign Affairs.
- Koichi Takemasa - Member of the House of Representatives, next Shadow First Vice Minister of Foreign Affairs.
- Kazuo Inoue - Member of the House of Representatives, Vice Director General, International Department.
- Akihisa Nagashima - Member of the House of Representatives, Vice-Chair – Policy Research Department, Vice Director-General, International Department.

The Delegation enjoyed a frank and valuable conversation with members of the Democratic Party of Japan which covered a range of issues.

Mr Hatoyama outlined to us how his grandfather formed the LDP 50 years ago – he and his brothers were members but quit to form DPJ as a result of their perception of the LDP corruption and failure to deliver good policy.

His party is opposed to Iraq involvement and while US alliance is important, DPJ believes focus should be in Asia.

DPJ has problems getting media coverage as media favours Government. They do use the internet though.

Campaign finance is via a grant from the government to candidates of 350 000 Yen which is collected and pooled by the party. Donations to individual candidates are banned. 10 Million Yen per election is also given to the party for expenses.

Very concerned that the extension of the activities of the Japanese Self Defence Force is in breach of the constitution and that a proper debate has not taken place and that the force could be doing more good in Asia.

A frank discussion on Iraq occurred between members of the delegation and the DPJ representatives which covered a very wide spectrum of views.

6.30pm Briefing – “Changing Roles of Policy Staff in Japanese Politics” – Roundtable dinner discussion with secretaries for policy/legislative affairs, and party staff

DAY THREE

Wednesday 2 March 2005

9.00am Briefing – “The prospect of Japanese diplomacy and its future challenges” - Koji Watanabe, Senior Fellow, Japan Center for International Exchange, Executive Adviser, Japan Business Federation, Former Japanese Ambassador to Russia

Mr Watanabe served in the Japanese Foreign Ministry for 43 years. He is the Executive Advisor to the Japan Federation of Economic Organizations (Keidanren) and Senior Fellow at the Japan Center for International Exchange. His briefing to our delegation was most interesting and very valuable. He informed us:

- Japan is a small country - 20 times smaller than Australia. 126 million people.
- From next year, Japan's population will begin to decline. Last year the numbers of males was down and the number of females will start declining from next year. Largely homogenous population the result of closed borders during the Shogun rule in 17th Century.
- In 1868, Japan reopened its borders also social upheaval time of re-emergence of the Emperor (Meiji restoration). Although Japan is homogenous, there are approximately 1 million Koreans, ½ with affinity for South Korea, ½ with affinity for North Korea.
- Fertility rate of 1.4. Needs 2.1 for replacement of population.
- Japan is highly educated, major industrialised country, second largest economy in the world.
- Strong sense of remorse and shame over Japan's actions in WWII. Although Japan feels remorse, they are proud of their achievements since.
- Japan is the only non-Caucasian country to modernise in the world – good achievement.

- Basic features of Japanese Diplomacy: Strong alliance with the US. The US will defend Japan if Japan is attacked.
- Role of the Self Defence Force has always been narrowly described. Although there is some broadening of the use of Self Defence Force over the past several years.
- Japan is proud of its role as the largest donor of assistance to the developing world. Especially strong donations to African countries.
- Japanese constitution of 1947 is actually a US improved constitution, introduced to by General MacArthur. Regained independence in 1952.
- Despite the fact it is a US imported constitution, the constitution has not been changed subsequently.
- Key Issue now: Managing Japan/US/China relations.
- Japan's history with China is regrettable. Need to manage this relationship closely. To have a formula of stability, need to develop an East Asia community.
- East Asia Community should be based on ASEAN + 3.
- Japan also needs to maintain relations with Russia. Ongoing territorial disputes with Russia over the islands very complex to resolve.
- Strong work by the Self Defence Force in terms of humanitarian efforts in Iraq. Self Defence Force act only in a capacity of reconstruction. Very grateful of Australian involvement in Iraq in protecting the Japanese Self Defence Force.
- Legacy of Self Defence Force – 70s or 80s, Japanese Self Defence Force were never dispatched. In early 1990s Iraq invaded Kuwait and US requested Japan to assist. Japan was not really able to assist – very limited involvement such as ambulances etc. Instead Japan paid \$13 billion to the US to assist with the effort. However, it was too late. After Kuwait was liberated, there was a full-page advert taken by Kuwait in the New York Times to thank these countries who helped to liberate Kuwait. Japan was not thanked. This prompted Japan to rethink the role that it can play internationally - Self Defence Force then started being deployed to assist humanitarian efforts. Self Defence Force was involved in Cambodia, Mozambique etc – most recently Iraq.
- Watanabe personally thought US involvement in Iraq was wrong – however, support Koizumi decision to send Self Defence Force to Iraq. Important for Japan to support US alliance. Also, plays an important role in diplomatic efforts with North Korea. They were able to see the close relationship of Japan and the US.

- Japan sending Self Defence Force to Iraq was accepted by all – no real concerns expressed by any other countries. Probably a result of the fact Japan is regarded as having good motives, having been involved in humanitarian efforts, promoting democracy etc for decades.
- Perhaps now provides an opportunity for Japan to reform its constitution.

10.30am Visit - to the Liberal Democratic Party Headquarters - Taro Kono, Deputy Secretary General, Liberal Democratic Party of Japan (LDP); Member of the House of Representatives

The delegation learnt that the LDP was the Centre of Japanese politics for over 50 years. At formulation of the party, LDP represented all but socialist/communists. Once in coalition with socialists (briefly) broke up due to Self Defence Force policy – marked the decline of socialist/communist (now only 10%).

Major parties agree on basics –US/Japan relationship, capital markets etc.

Mr Kono outlined the differences between parties: LDP – Small Government, decentralise authority but many senior MPS who established LDP resist change - hold to old paradigms. Socialists origins based on labour unions. This reinforces central governance tendencies. Senior LDP used to taking lead from parties service – perhaps we need to restructure party structures). Recent scandals reduces public confidence ‘ “We’ve got to do something about it” - Change younger MPs, new leadership after Koizumi, leading prospect Abe – only 51!

Mr Kono strongly believed that there was a need to loosen the tie between public servants and the political executive.

3.00pm Meeting - Koichi Hirata, Parliamentary Secretary for Economy, Trade and Industry

Koichi Hirata, the Parliamentary Secretary for Economy, Trade and Industry briefed the group on a number of different issues.

- A smooth passage is anticipated for the budget. Mr Hirata has conducted business with the CSR and is advised CSR’s performance has improved because of improved sugar prices. Mr Hirata’s association with CSR is related to fibre board panels (Gibson Parcels) CSR attempted to invest in China through Gibson panels and had a great deal of difficulty.
- Mr Hirata stated that China is a difficult place to do business.
- The Parliamentary Secretary’s role in Japan is to support the Minister in political activity and to assist to pass bills through the diet, as well as to provide advice.

- FTA with Japan - would like in principle to have FTA ASAP. He said Japan bilateral was lagging behind other countries re bilateral agreements.
- Further expansion of Chinese economy would impact on Japan. Chinese economy is important to Asia generally and growing Chinese economy is vital to Asia.
- Japan dependant on Australia for LNG and coal, (amongst other things) and this trade will grow.

5.00pm Panel Discussion - “The Current state and future prospect of Australian political and economic situations and their implications for Australia-Japan Relationship” Panellists: The Fourteenth Delegation Members of Australia-Japan Young Political Leaders Exchange Program

DAY FOUR

Thursday 3 March 2005

10.50am Visit – Junior High School

The delegation visited Marunouchi Junior High School in Nagoya City. The school was opened in 1965 and currently has 159 students. We met with both the Principal and Deputy Principal and enjoyed a conversation detailing the many different focuses of the school including welfare lessons, environmental education, international understanding lessons and Japanese cultural lessons.

The delegation then had the opportunity to interact directly with the students by joining their English class and answering the questions of the Year 6 students, joining the students in their dance classes and sharing a traditional Japanese School lunch with the students and staff. The visit to the school was a great opportunity to get a first hand look at the Japanese education system.

1.20pm – Hearing of the Nagoya City Assembly Session and briefing by Nagoya City Officials on the issues of environment

The delegation sat in on a session of the Nagoya City Assembly before receiving a very detailed briefing on issues related to waste disposal in Nagoya. We learned that 5 million people in Nagoya – area is 330km², sister city with Sydney. The City faced a serious crisis in 1999/2000 in dealing with the volume of waste. It became a state of emergency. They took action to decrease the amount of waste by 20%. Reduce, Reuse, Recycle was their campaign. They successfully managed to primarily decrease waste through their campaign and in May 2003 won the municipality environment grand prize.

3.00pm Meeting – Rika Tanaka, Deputy Speaker of the Assembly

Ms Tanaka is the first female Deputy Speaker of the Nagoya City Council of Aichi Prefecture. She informed our delegation of how different the roles of local government are in Australia and Japan. She informed us that she was paid 15 million Yen p.a as Deputy Speaker (AU\$700 000 p.a) but has five staff and has to pay for own office out of this allowance. The Chair and Deputy Chair change almost every year. Rika Tanaka also outlined how huge a task and how much work was involved in hosting the Aichi Expo.

DAY FIVE

Friday March 4

9.30am – 5.30pm

Guided Tour of Kyoto

Our final full day before departure was spent gaining a valuable knowledge of some Japanese history and culture on a guided tour of spectacular Kyoto. Our very enthusiastic tour guide began the tour at Kinkaku-ji (Temple of the Golden Pavilion) which was originally built in 1397 and later converted into a Buddhist Temple. Following an arson attack the present building was constructed in 1955 as a spectacular exact replica of the original.

We next visited Ryoan-ji (Temple) which is famous for its rock garden. The garden consists of 15 large rocks of which only 14 are ever visible from any angle. This stop gave the delegation an insight in to the quintessential Zen garden.

We then visited Kiyomizu-dera (Temple) where we had the opportunity to drink some of the famously clear and pure water before visiting Sanjusangendo (Hall) and lastly, the Kyoto Handicraft Center. The guided tour of Kyoto gave the delegation a valuable insight into the city's history and culture.

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