

The Growing Strategic Importance of Japan–Australia Cooperation in Energy and Economic Security

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On 7 October, I had the opportunity to participate in a roundtable discussion on economic security held at the Embassy of Australia in Tokyo. The meeting was organized with a view toward further strengthening bilateral relations between Japan and Australia. The year 2026 marks the fiftieth anniversary of the signing of the Basic Treaty of Friendship and Cooperation between the two countries. In May, Prime Minister Takaichi visited Canberra and held a summit meeting with Prime Minister Albanese of Australia. Building upon the outcomes of that summit, important documents, including the *Japan–Australia Joint Declaration on Economic Security Cooperation*, were issued, underscoring the determination of both countries to strengthen their strategic partnership in response to an increasingly challenging international environment.

On 5 October, the Japan–Australia Business Cooperation Committee convened in Makuhari, Chiba, bringing together leading representatives of the business communities of both countries. The following day, members of the Japan–Australia and Australia–Japan Business Cooperation Committees paid a courtesy call on Prime Minister Takaichi. Furthermore, on 8 October, the inaugural meeting of the *Japan–Australia Leadership Dialogue*, established pursuant to the agreement reached during the May summit, was held with the participation of senior leaders from both countries to discuss the importance of deepening bilateral relations.

The roundtable discussion at the Australian Embassy took place against this broader backdrop of intensifying bilateral engagement. Government officials, policy experts, and other stakeholders from both countries gathered to exchange views under the Chatham House Rule on a wide range of issues, including energy, natural resources, critical minerals, trade and investment, infrastructure, and artificial intelligence. Inspired by the discussions at the roundtable, this article presents the author's personal reflections on the strategic importance of the Japan–Australia relationship.

The domestic and international environments surrounding both countries are becoming increasingly complex and challenging. Even when focusing solely on energy-related issues, both Japan and Australia face a growing array of policy challenges. For Japan, the successive shocks associated with the Ukraine crisis and the Strait of Hormuz crisis have profoundly disrupted international energy markets, reinforcing energy security as a paramount national priority for a country that remains heavily dependent

on energy imports. At the domestic level, Japan is experiencing a paradigm shift characterized by rapidly rising electricity demand, creating an urgent need to ensure a stable and reliable power supply. Furthermore, as clearly articulated in the Seventh Strategic Energy Plan approved by the Cabinet in February 2025, Japan has committed itself to an ambitious target of achieving carbon neutrality by 2050 while reducing greenhouse gas emissions by 73 percent by 2040. Achieving these objectives will require a fundamental transformation of the country's energy supply and demand structure. At the same time, Japan must secure stable and affordable energy supplies while managing this transition. Moreover, it must address China's growing dominance in clean energy supply chains, particularly in the field of critical minerals, which have become indispensable for the global energy transition.

Australia, for its part, is one of the world's leading exporters of coal, natural gas, and LNG, and its abundant resource endowment constitutes a fundamental pillar of its economic prosperity. Resource and energy industries remain among the country's most strategically significant sectors. However, in the context of global decarbonization efforts, Australia faces increasingly difficult questions regarding the future role and positioning of these industries. At the same time, despite its status as a resource superpower, Australia is by no means immune to energy security concerns. During the Strait of Hormuz crisis, the country's limited domestic petroleum product supply capacity attracted international attention. In the natural gas sector, policymakers continue to grapple with domestic gas price spikes and concerns over gas shortages along Australia's east coast. Against a backdrop of increasingly complex geopolitical dynamics surrounding global energy markets, Australia must carefully formulate and implement its broader international strategy, including approaches toward China, the United States, and Asia as a whole.

In response to these evolving circumstances, both Japan and Australia have come to recognize more strongly than ever the importance of deepening and broadening their bilateral relationship. For Japan, Australia is a major supplier of LNG and coal and an indispensable economic partner with which it maintains extensive trade and investment ties centered on the energy sector. During the Strait of Hormuz crisis, considerable attention was focused on Japan's heavy dependence on Middle Eastern crude oil imports. Yet relatively few people recognize that, as of fiscal year 2024, Australia was Japan's largest overall energy supplier on a primary energy basis, accounting for more than one quarter of the country's total primary energy supply. While Middle Eastern crude oil represented approximately 28 percent of Japan's primary energy supply, Australia occupied an even more prominent position as a comprehensive energy supplier to Japan. For a more detailed discussion of Australia's significance as an energy supplier to Japan, readers are referred to Akira Yanagisawa's article, *"East and West, and South too"* (published on the website of The Institute of Energy Economics, Japan, in May 2026). Indeed, Australia plays an indispensable role in supporting the Japanese economy through the stable provision of energy resources.

From Australia's perspective, Japan is likewise an indispensable strategic partner. Japan serves not only as a major destination for Australian energy exports and a key trade and investment partner, but also as a fellow democracy sharing fundamental values such as freedom, democracy, and the rule of law. In the face of increasingly severe geopolitical challenges, the strategic importance of Japan for Australia is unlikely to diminish and may well continue to grow. It is therefore unsurprising that, following the May summit meeting, the numerous high-level engagements conducted this week have focused on identifying what the two countries can and should accomplish together and on translating those discussions into concrete policy initiatives.

In the field of energy and economic security, there exists considerable scope for further cooperation between the two countries. Traditional areas of collaboration, including LNG and coal trade as well as related investment activities, should now be reconsidered within the new strategic context created by the Strait of Hormuz crisis and the heightened importance of energy supply diversification in the Asia–Pacific region. Equally important is cooperation in securing stable supplies of critical minerals, including rare earth elements, which are increasingly regarded as essential to the global energy transition. Enhancing resilience against excessive concentration of supply chains and addressing China's dominant position in critical mineral markets have emerged as strategic priorities for both countries. Closer bilateral cooperation in these areas therefore represents a critical strategic imperative.

To be sure, while the importance of cooperation is widely recognized, both sides also understand that significant challenges remain. One example concerns Australia's consideration of the introduction of a Domestic Gas Reservation Scheme in response to concerns over domestic gas shortages and rising prices. Various stakeholders have raised concerns regarding the potential implications of such policies for existing and future LNG projects, including their effects on investment predictability and Australia's attractiveness as an investment destination. Addressing such issues will require both countries to acknowledge the underlying concerns and work toward sustainable solutions that serve their mutual interests. To advance and deepen bilateral cooperation, both sides must engage seriously with these challenges. Ultimately, however, the fundamental issue is the shared recognition of the strategic importance of closer bilateral relations and the determination to translate that recognition into concrete action.

In this regard, it is important to emphasize that cooperation in energy security should not be confined solely to the bilateral Japan–Australia framework. Rather, broader regional cooperation should also be pursued. Japan has been advancing the POWER ASIA Initiative with the objective of strengthening energy security across Asia, including proposals involving participation by Middle Eastern oil-producing countries in the development of strategic petroleum stockpiling arrangements. Bringing Australia into such regional frameworks in a deeper and more substantive manner, while Japan actively

supports and facilitates that participation, could become a highly significant form of international energy cooperation. Such efforts would contribute not only to strengthening Japan–Australia relations but also to enhancing energy security throughout the wider Asia–Pacific region. Looking ahead, one may reasonably hope for a further expansion and deepening of energy cooperation among Japan, Australia, and the broader Asia–Pacific community.

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