

Joint Statement
by the
Australia Japan Business Co-operation Committee (AJBCC)
and
Japan Australia Business Co-operation Committee (JABCC)

The Australia-Japan Trade and Economic Framework
(TEF)
The Next Step

The AJBCC and JABCC Committees have followed the progress by officials in their Joint Study exploration of the TEF's "liberalisation of trade and investment on a balanced and comprehensive basis" commitment of Prime Minister Koizumi and Prime Minister Howard in Tokyo on 16th July, 2003.

We appreciate the enthusiasm shown and keenly await the Joint Study's conclusions on the "costs and benefits of liberalisation between Australia and Japan". Additionally, we note that progress has been made in most of the eleven trade facilitation areas identified under the TEF.

Since the 2003 Tokyo meeting, whilst affirming their support of the multilateral trading fora – WTO and APEC - both governments have initiated and/or concluded bilateral free trade agreements. Noting that both of our countries are pursuing agreements with ASEAN as a whole and individual countries of that group, our Committees believe that an outcome will be a highly desirable increase in East Asian economic interdependence.

Predictability for business will rise from cooperative relationships among countries especially when supported by the rule of law, prudent macroeconomic management, structural reforms and political stability. Bilaterally, in addition to supporting the liberalisation of trade and investment in world fora, Japan and Australia have worked to generate a better regulatory environment in which business can operate. The Australia-Japan Trade and Economic Framework (TEF) identified eleven areas of trade facilitation and in the past two years considerable progress has been made in furthering the bilateral economic relationship by exploring and encouraging the ways that our two economies can be further integrated through them. Our Committees believe that negotiation of a social security agreement, a revision of the double taxation agreement and negotiation of an investment agreement should now be considered.

The Committees reiterate their belief, first expressed in April 2002, that a Comprehensive Economic Partnership Agreement (EPA), which includes a Free Trade Agreement (FTA), would deliver the optimum bilateral liberalisation of trade and investment conditions. We urge both Governments to be ambitious in their recognition of the scope and longer term significance of the relationship and to respond to the new international economic realities, particularly in East Asia, by establishing a joint study group to examine the feasibility of a comprehensive EPA. Furthermore, we believe that after four years of studies and discussion, the April 2005 visit of Prime Minister Howard to Tokyo is the appropriate time for such an announcement.

'Agriculture' and 'fisheries' matters have in the past been perceived as 'difficulties'. As these areas cannot be excluded if an FTA is to remain WTO consistent, our Committees believe, 'phasing agreements' regarding the most sensitive matters, compliant with Bogor and WTO timetables, are a possible option to be examined. Also, sufficient consideration to non-ferrous metals area should be given. Australia and Japan have an important leadership role within the East Asian region and a decision now to pursue a bilateral Comprehensive Economic Partnership Agreement which includes a Free Trade Agreement would be an appropriate recognition of that responsibility.

8th March, 2005