

The Australia-Japan Free Trade Agreement Feasibility Study: **The Next Step**

A Joint Statement

The Australia Japan Business Co-operation Committee (AJBCC)
The Japan Australia Business Co-operation Committee (JABCC)

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Trade and investment between Japan and Australia has grown through a complementary relationship, with Australia providing Japan with natural resources and food and Japan mainly exporting automobiles and machinery to Australia. In recent years, the Australian Government has dispatched military forces to secure the safety of Japanese Self-Defense Force members assisting in reconstruction in Iraq. Australia has also supported various Japanese policies, such as those regarding the abduction of Japanese citizens by North Korea and the missile issue involving the same nation. Both countries are partners that share the values of freedom and democracy, and the two have strong ties of trust in both the political and economic arenas. As the two largest developed countries in the region, it is also expected that both Japan and Australia will play significant roles in the economic integration of East Asia.

With this situation as a backdrop, following an agreement by the leaders of both countries at a summit meeting in April 2005, the two governments began joint study concerning the feasibility of a Japan-Australia FTA. The pace of this study has picked up, and submission of a final report is expected for the end of this year. Both the JABCC and the AJBCC have always emphasized the necessity of a Japan-Australia EPA/FTA, and accordingly, both committees would like to make the following statement on the occasion of the 44th Australia-Japan Joint Business Conference:

The Australia-Japan Agreement on Commerce, which was formalized in 1957, created a bilateral commercial relationship that has spanned 50 years. Concluding a Japan-Australia EPA/FTA would be extremely significant for both countries in confirming and strengthening the commercial relationship for the next 50 years. There are sensitivities on both sides and all options for flexibility would need to be available. The objective should be to realise the full potential of the two countries' commercial relationship. Taking into account the importance of the bilateral relationship and the benefits to be gained by both countries, it is imperative that the two governments take action to begin negotiations on an EPA/FTA without further delay.

**Australia Japan Business Co-operation Committee (AJBCC)
and
Japan Australia Business Co-operation Committee (JABCC)**

**Supportive Commentary on the Joint Statement
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Our Committees were appreciative that their representatives were included amongst those from the business sector that addressed the Joint Study teams in Tokyo (March 2006) and Canberra (July 2006). Representatives from our Committees were also participants in the Australia-Japan Conference 4 held in Tokyo in June and the Symposium sponsored by the Keidanren and the Japan and Tokyo Chambers of Commerce & Industry. At these gatherings there was strong support for the starting of negotiations on a comprehensive, WTO consistent FTA in 2007.

2006 has commemorated the 30th anniversary of the Basic Treaty of Friendship and Cooperation between Australia and Japan. Via more than 700 events, the people and institutions of both countries have celebrated the shared democratic values, mutual respect, deep friendship, commercial linkages that exist and declared that the relationship at so many levels is the strongest it has ever been.

Reflections on the significance of the Australia-Japan Treaty of Commerce of 1957 reveal the profound contribution each country has made to the other's economic development. The commercial relationship yields enormous mutual benefit, but as often been said, the relationship should not be taken for granted.

The AJBCC and JABCC affirm their support of the multilateral trading fora – WTO and APEC – and urge their governments to foster the resumption of the stalled Doha Round discussions. Additionally, in noting that both of our countries are pursuing, or have concluded, agreements with ASEAN as a whole and individual countries of that group, our Committees believe that WTO consistent and comprehensive trade agreements will result in 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, as part of measures to advance economic relations between the two countries, Japan and Australia have worked to generate a better regulatory environment in which business can operate. The 2003 Australia-Japan Trade and Economic Framework (TEF) Study identified eleven areas of trade facilitation and committed both sides to liberalisation of trade and investment on a balanced and comprehensive basis. In the past three years, considerable progress has been made in furthering the bilateral economic relationship, and exploring and encouraging the ways that our two economies can be further integrated. In addition to an EPA/FTA, our Committees look forward to the early conclusion of negotiations on a social security agreement and call for a revision of the double taxation agreement to now be considered.
