

44th Australia-Japan Joint Business Conference
15th – 17th October 2006

JOINT CHAIRMENS' STATEMENT

Mr Imai, Delegates

The past three days of conference presentations has canvassed the wide ranging business relationships that constitute the core of activities of mutual commitments and future opportunities. The Hon. Mark Vaile, Australia's Deputy Prime Minister and Minister for Transport, made a commemorative 30th anniversary of the Basic Treaty of Friendship 1976 address at the Welcome Reception of our conference and it set forth the Government's assessment of the current very strong relationship between Australia and Japan.

We are particularly grateful for the 36 speakers who have devoted precious time to prepare presentations and commentaries of great value and challenge to us over the past two days during the conference's six plenary sessions and this morning's Technology Exposition.

The conference met under a general theme of "*Integration: Shaping a New Asia*"

Mr Andrew Low, Head of Asia Corporate Finance & Global Head of Telecommunications, Media, Entertainment and Technology for the Macquarie Group, said that both nations were well placed to be leaders in the 'new economy' industries that will dominate the second half of this century. Japan and Australia's standard of living were underpinned by their engagement with the global economy, but Mr Low challenged us to be pro-active in shaping that future through leadership in training programs related to governance, transparency, tackling crime and corruption which will have long term benefits. He also urged business to be vigilant against further bouts of nationalism or xenophobia within the region which would hurt our interests deeply.

Subsequent Plenary Sessions have addressed the following topics:-

- The Transformation of the Australian and Japanese Economies:- Potential Impacts on the business relationship?
- Sharing the FTA Experience
- Resources: When demand continues to grow!
- Asset Protection: Maintaining Operations – Facing a global pandemic
- Co-operating in the Region
- Tourism Opportunities in the Asian Region

In addition, we had a most illuminating Technology Exposition session which commenced a Keynote address by Dr Thomas Barlow on the topic of "Things Unimaginable!!!". Dr Barlow was supported by five technology presentations covering

Electromaterials Science; Autonomous Systems; Information and Communications; Proteome Science; and Quantum Computing.

During the conference our presenters, as well as delegates in the Q&A segments, challenged business in one or other country, or in both countries, to achieve increased diversity in the bilateral commerce. These challenges included:-

- Rectifying the underperformance of the two-way investment between our economies evident over the past decade;
- Both countries increasing their export of services to one another to ratios reflecting their respective business growths with other OECD countries;
- That national and local government budget deficits had to be slashed;
- Investing in Australian energy developments to retain first-mover benefits;
- Explore next generation drought tolerant crops even though this requires reconsideration of GMO issues;
- Harmonisation of the regulatory regimes of both countries;
- Over regulation by the three levels of Australian government being a threat to capacity to supply;
- Concern at the static nature of tourism between the countries with particular reference of varying exchange rates effect on costs.
- Education exports from Australia now being the fourth largest item, just below that of tourism, not being engaged with Japan to the same extent of the other business sectors.
- Joint business activities by Australia and Japanese working together in third countries would be enhanced by improved IP rights recognition and protection.
- An acknowledged need to review the Double Taxation Agreement to remove discriminatory features adding to capital costs of investment from Japan.

The core of our discussions was that of the absolute dependence of ongoing strengthening of our business relationship through the negotiation of an FTA.

Although the bilateral commerce is strong, it was confirmed by many speakers that increased integration would bring substantial benefit to Australia and Japan. The current joint government study into the feasibility of an EPA/FTA is virtually completed. There was widely expressed hope that the political decision to initiate formal negotiations for a Free Trade Agreement would be made shortly.

As was mentioned to you at the beginning of the conference, a meeting of our two Executive Committees considered a draft Joint Statement which concludes that “it is imperative that the two governments take action to begin negotiations on an EPA/FTA without further delay”. We wish now to seek your concurrence that this be issued as a resolution of the 44th Australia-Japan Joint Business Conference.

Whilst a more detailed Record of the conference’s sessions will be prepared over coming weeks, Mr Imai has considered this Chairmen’s Statement and agrees that this be conveyed as our shared view.