



Australia-Japan Free Trade Agreement

Newsletter Update 3

Australia-Japan Free Trade Agreement – Third Negotiating Round

The third negotiating round for the Australia-Japan Free Trade Agreement (FTA) was held in Canberra from 5 to 8 November.

The round continued substantive discussion on all areas of the FTA that might form chapters of the agreement. Twenty sessions were held over four days with exchanges of information or discussion of draft texts. As with the first two rounds, the talks were positive and constructive and made good progress. Discussion underlined that Australia and Japan have few areas where objectives differ, even if there are different drafting approaches in some areas. Next steps have been agreed in all areas with further information exchange, counterproposals on draft text or elements papers to be produced intersessionally. Good progress was also made in preparation for the commencement of market access negotiations.

At the **trade in goods** session we provided initial reactions to a text tabled by Japan and also discussed the detailed safeguards provisions included in the text. We will provide a counter-proposal to Japan's text in advance of the next round. Talks on goods included a further exchange of views on each side's sensitivities in agricultural and non-agricultural goods; this discussion will continue intersessionally and in the course of negotiations.

Japan underlined at the round the importance it places on separate chapters on **energy and mineral resources** and **food supply**. We reiterated our willingness to engage constructively with Japan on these issues while stating that any measures must be consistent with the normal operation of the market. Further discussions on both these issues will take place at the next round.

Discussions continued on other areas covering trade in goods (**technical barriers to**

trade, sanitary and phyto-sanitary cooperation, rules of origin and customs procedures), based on either draft text elements papers or other information exchanges. The sessions were useful for each side to clarify its views in these areas.

At the **government procurement** session, we explained the key elements of our counterproposal to Japan's draft chapter, focusing on areas such as bid challenge and selective tendering where our practice differs from that prescribed by the WTO Agreement on Government Procurement (GPA), of which Japan is a member.

We also had a useful session on **electronic commerce** with Japan raising questions about the draft chapter text Australia had tabled. Japan has not included an e-commerce chapter in its previous FTAs.

On services, we had productive discussions covering cross-border trade in services, telecommunication services, financial services and movement of natural persons.

On **cross-border trade in services** broad agreement was reached on a number of issues although some conceptual issues, such as which provisions fit into which of the services and investment chapters, remain to be agreed.

On **telecommunications services**, there was a very detailed discussion of elements of the text tabled by Australia. Both sides agreed to exchange further proposals on text later in the year and discussed the possibility of an intersessional meeting before the next round.

Discussion on **financial services** revealed differences in each side's approach to key provisions (including cross-border financial services and new financial services) that will need further work to resolve. Japan will provide a counter-proposal on these provisions.

On **movement of natural persons**, Japan posed a number of questions on Australia's regulatory arrangements (such as treatment of permanent residents and spouses), and Australia agreed to provide follow-up information in response.

Australia and Japan continued useful discussions on **investment**, focusing on Japan's draft text. While our overall approach to investment is very similar, there are a number of differences to be resolved, including in which chapter provisions fit best and the coverage of performance requirements.

The focus of discussions on **intellectual property** was a detailed examination of Japan's draft text. This produced a better understanding of each side's regulatory regime. Additional information will be exchanged ahead of further detailed

consideration of the draft text at the next round.

Australia and Japan discussed each other's draft text on **competition**. Both sides agreed on the importance of provisions which promote fair competition and support trade and investment liberalisation. Discussions at the next round will focus on the scope and structure of this chapter.

We had a useful exchange on Japan's proposed chapter on **improvement of the business environment (IBE)**. Japan confirmed its interest in an institutional mechanism which provides for consultation and cooperation on issues raised by the private sector and to enhance business opportunities through cooperation on major projects.

We had productive exchanges on **institutional provisions** and **dispute settlement**, focused primarily on the draft texts tabled by Japan in advance of the round. Discussions revealed substantive agreement on many key elements, although there are several areas requiring further detailed consideration.

The fourth round of talks is scheduled for late February 2008 in Tokyo.

For further information, please e-mail [**JapanFTA@dfat.gov.au**](mailto:JapanFTA@dfat.gov.au).

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