

Department of Foreign Affairs and Trade

Australian Government

Department of Foreign Affairs and Trade



Australia-Japan Free Trade Agreement

Newsletter Update 5

Australia-Japan Free Trade Agreement – Fifth Negotiating Round

The fifth round of negotiations on the Australia-Japan Free Trade Agreement (FTA) was held in Canberra from 28 April to 1 May 2008.

Notably, the two sides exchanged **initial market access offers on services and investment** at this round. Following the formal exchange of initial services and investment offers, each side took the opportunity to seek details about each other's offer and to clarify particular provisions. Australia and Japan now have a good understanding of the quality and character of each other's offer, and we will do further analysis before the next negotiating round. Australia welcomed the initial Japanese offer, which was consistent with the highest level of commitments it has made in previous FTAs, although we noted that there were some sectors, such as education and training, financial services, and telecommunications, where we would ask for further opening.

The two sides agreed that the initial phase of requests relating to the initial services and investment offers could begin at the **next round of negotiations scheduled for late July**, in Tokyo. Although we will work on information received from stakeholders throughout the negotiations, **we can make the best use of up-to-date submissions and information if we receive them by 30 June**. We would welcome any further input on any matters of commercial concern in relation to Japan, so that we can raise these with the Japanese when we put our requests to them starting in July. To assist in identifying the kinds of issues stakeholders may wish to raise, we have prepared a **questionnaire**.

We also continued the discussion begun at the last round on Australia's and Japan's initial **requests and offers on trade in goods**. As advised in the last update, Japan has sought many exclusions in agriculture, including on items of interest to Australia. For this reason, we focused on Australia's **agricultural market access requests** at this round, and will continue this discussion at the next round.

Specifically, our discussions focused on market access for dairy products and beef and bovine products. Australia provided detailed lists of all the restrictions Australian exporters face (such as tariff rate quotas, TRQ administration arrangements, state trading requirements, tariff classification analytical measures, compositional standards and labelling requirements) and asked that they be removed. In response Japan said that liberalisation was not possible on any of the measures we discussed. This is consistent with Japan's public position that beef, dairy, wheat, sugar and rice should all be excluded from the FTA.

At the sixth round we will complete our discussions on the outstanding issues in the beef and dairy sectors, and progressively move to other products at the next and subsequent rounds.

In addition to the market access negotiations, we continued discussion on most other areas of the agreement.

The session on the **trade in goods** chapter was brief. Nonetheless, we were able to agree on some outstanding areas of the text.

In our discussions on **technical barriers to trade**, we further reviewed the text which Japan provided at the last round. The discussions were useful for both sides to understand better the intention behind some of the textual proposals on the table. At Japan's request we did not discuss **sanitary and phyto-sanitary cooperation** or **food supply** issues at this round.

We continued to make gradual progress in the session on the **rules of origin** chapter, identifying areas of commonality, but also seeking a better understanding of the differences in our respective approaches that will need to be worked through. We agreed to start discussing product specific rules at the next round.

We had a productive discussion on the chapter on **customs procedures**, and much of the text is now agreed.

Reflecting its concerns about resource security, Japan has proposed text for a chapter on **energy and mineral resources**. At this round, Japan provided more detail on what it is seeking, which Australia is now considering carefully.

In the **e-commerce** session, we concluded the discussion started at the last round on Japan's counterproposal to our draft chapter, and are now in a position to begin to work on developing common text at the next round. Both sides are working to conclude a chapter that facilitates this important mode of trade.

As a result of this session on **government procurement**, we are now at a stage where we can begin to draft consolidated text. Once we have agreed on the text of the chapter, we will begin market access negotiations with the aim of guaranteeing access to each country's government procurement markets.

On **cross-border trade in services**, Australia and Japan continued our discussion of the consolidated text of the services chapter, in addition to consideration of some new provisions proposed by Australia. Further progress was made in narrowing areas of divergence, although key differences remain. Each side is considering its position on these various issues in preparation for the sixth round of negotiations.

On **telecommunications**, intensive discussion was held on the text of a possible telecommunications chapter, and this round provided the opportunity to finish going through the entire text. Australia continues to seek strengthened disciplines. Exchanges of information will continue intersessionally.

On **financial services**, Australia had provided a revised consolidated text to Japan prior to the round, and discussions took place on this basis. The session allowed us to clarify a further range of regulatory arrangements and other text/structural issues.

On **movement of natural persons** (which covers the temporary entry of business people into Australia or Japan for work purposes), both sides advanced understanding of policy frameworks and areas of sensitivity, while highlighting the challenge of accommodating our different temporary entry regimes.

On **investment**, differences continue to be cleared away, although some key issues continue to remain for further discussion. Both sides have identified areas of follow-up ahead of the sixth round.

Productive exchanges continued on **institutional** provisions, confirming similar approaches and perspectives. Further progress was also made on the form and content of a **competition policy** chapter in the FTA. Discussions on **intellectual property (IP)** focussed on consolidated text provided by Australia in the lead-up to the fourth round. Both sides gained a clearer understanding of their respective positions.

As indicated above, the **sixth negotiating round** will be held in Tokyo in late July. We continue to welcome input on issues relevant to the FTA negotiations.

For further information, please e-mail **JapanFTA@dfat.gov.au**.

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More information on **Australia–Japan Free Trade Agreement**