



ASSOCIATION OF CONSULTING
ENGINEERS AUSTRALIA

AUSTRALIA-JAPAN FREE TRADE AGREEMENT

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Japan FTA Task Force, DFAT

ACEA SUBMISSION

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The Association of Consulting Engineers Australia (ACEA) is an industry body representing the business interests of firms providing engineering, technology and management consultancy services.

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INTRODUCTION

Japan is Australia's major trading partner and a Free Trade Agreement (FTA) will enhance Australia's future export opportunities. The Association of Consulting Engineers Australia (ACEA) warmly welcomes the proposed Free Trade Agreement between the Australian and Japanese Governments as it will develop strong relations between our two nations and will further enhance commercial enterprise for the Australian consulting engineering industry.

The following paper has been prepared to outline ACEA's reasons for a Free Trade Agreement between Australia and Japan and how it would benefit the Australian consulting engineering industry.

THE CONSULTING ENGINEERING INDUSTRY

The ACEA is an industry body representing the business interests of firms providing engineering, technology and management consultancy services. We represent 250 firms - from large multidisciplinary corporations to small niche practices, across a range of engineering fields. Our member firms include such companies as: Arup, Connell Wagner, Sinclair Knight Merz (SKM), URS Australia and Parsons Brinckerhoff. Currently, 120,000 Australians are employed in the nation's consulting engineering industry.

The ACEA presents a unified voice for the industry and supports the profession by upholding a professional code of ethics and enhancing the commercial environment in which firms operate through strong representation and influential lobbying activities. The ACEA supports members in all aspects of their business – including risk management, contractual issues, professional indemnity insurance, occupational health and safety, procurement practices, workplace/industrial relations, client relations, marketing, education and business development.

The ACEA has a well developed and positive relationship with our sister organisation in Japan, AJCE (Association of Japanese Consulting Engineers). The leadership of the two organisations meet at least annually at the international conference for Consulting Engineering Associations.

The ACEA has developed an annual exchange program for young engineers between Australia and Japan. In 1996, the Young Professionals Exchange Program (YPEP) commenced as a result of a Memorandum of Understanding signed between the ACEA and the AJCE. The program was established to facilitate closer ties between our countries and the international consulting engineering industry and has been running successfully for over 10 years.

EXPORTING CONSULTING ENGINEERING SERVICES

Our member firms have recognised the value in exporting consulting engineering services to the world. Exporting of services has become an influential part of our firms' international operations and business agenda.

In 2005-2006, the Australian consulting engineering industry generated \$17 billion in revenue – equal to 1.8% to the national GDP (\$962 billion). Over the last five years, exports of the industry's services have averaged \$400 million per year. Over the same period, the industry accounted for nearly two thirds of all construction and related services exports. The industry's exports accounted for 1.2% of Australia's total services exports.

In 2005, the world economy grew by a strong 4.5%. The world's largest economy, the United States of America grew by 3.5% and Japan grew by 2.5%. Over one third of our member firms perform work overseas – including in Japan. Our members' projects include the Osaka International Conference Centre in Osaka, Veloqx Miyuki Dori Development in Tokyo and the Central Japan International Airport Passenger Terminal Building in Tokoname city, Aichi. As a general rule, ACEA's larger firms make up the majority of exporting services on international infrastructure projects. Many of our large firms earn as much as half of their revenue from overseas projects and clients. On average, export activity generates 14% of total fee revenue.

FREE TRADE AGREEMENT EXPECTATIONS

The ACEA believes Australia's economic and commercial interests are best served by a free and fluent system of global trade, capital, investment and information. The ACEA would find further market liberalisation in Japan extremely beneficial to our firms exporting services overseas. The Australian consulting engineering industry provides professional services to every corner of the globe - allowing our country to maximise its international competitiveness. Any free trade agreement should thrive on such international competitiveness.

Achieving this will require not only action to promote trade liberalisation but also action to remove domestic impediments to operating in countries like Japan. The ACEA would like to see a minimisation of the nature and extent of intervention in the marketplace. It is vital for the Australian Government to protect minimal intervention when negotiating a free trade agreement. We recognise there is a role for government to play in trade facilitation and promotion but it should be guided by the private sector. During the course of the Free Trade Agreement negotiations, the Australian consulting engineering industry would like to offer its expertise on current enterprise, trade barriers in Japan and other general recommendations.

OUR RECOMMENDATIONS

A comprehensive Australia – Japan Free Trade Agreement should entail the following:

- Provision of foreign enterprises to offer project management and engineering design services within a more simplified regulatory environment
- Full recognition of Australian engineering qualifications
- A reduction in the qualification of grades of engineering consulting entities to allow the establishment of smaller enterprises
- Granting of engineering licenses to allow consulting engineering firms to practice in Japan
- Establishing business mobility for Australian residents working in Japan

CONCLUSION

The exporting of consulting engineering services to places like Japan has made a substantial contribution to our member firms' profitability and success. The ACEA hopes the Free Trade Agreement negotiations will further strengthen Australian consulting engineering firms operating and investing in Japan's infrastructure projects. During the course of 2007, the ACEA looks forward to working with the Australian Government on the Free Trade Agreement and reinforces the comprehensive strategic partnership between our two countries.