

<b>Seafood Access Forum</b>	MEETING NUMBER:
	LOCATION:
	DATE: OCTOBER 2008
<b>Briefing Paper</b>	ITEM:

Submission to the

**Department of Foreign Affairs and Trade**

On the

**Japan Australia FTA Negotiations – Fisheries Sector**

**RECOMMENDATIONS**

1. DFAT note the preferred positions of the seafood industry stakeholder groups in relation to the Japan-Australia FTA negotiations.
2. In particular, that Australia:
  - a. continue to discuss seafood market access with Japan;
  - b. seek an outcome on fisheries products and related matters at least as favourable as that achieved under the EPAs (Agreement for Economic Partnership) between Japan and other countries;
  - c. seek an outcome on other significant fisheries export interests, not covered by the EPAs between Japan and other countries.

**KEY ISSUES**

3. Australian seafood industry appreciates that Japan has sought to exclude a wide range of agricultural products from tariff elimination in negotiations with Australia. However, Japan's current offer on seafood falls well short of what we are seeking.
4. Japan has traditionally been one of Australia's two major seafood export markets. With the recent significant depreciation of the Australian dollar, it is anticipated that the value of Australian seafood exports, measured in A\$, to Japan will rise over the next few years, notwithstanding the slowdown in Japanese economic growth.
5. At present, Japanese tariffs for raw and intermediate seafood imports from Australia average 4.3 percent and 2.0 percent respectively. Certain other important Australian seafood exports (prepared or preserved shellfish and molluscs) face tariffs of up to 10 percent and abalone is subject to a tariff of 7 percent ad valorem. (Source: Institute for International Trade, the University of Adelaide). The Australian seafood industry considers Japanese seafood tariffs still present a significant barrier to trade, particularly when compared to some competing Asian markets (i.e. Hong Kong).

6. In recent years, Australia exports of fish and fish preparation to Japan have fallen in value from 37.0 billion Yen in 2004 to 34.7 billion yen in 2007 (Source: Japan Customs). Much of this fall can be attributed to currency fluctuation.
7. Japan's EPA and trade with Mexico: Japan has increased imports of fish and fish preparation in value from 9.2 billion yen in 2005 to 11.3 billion yen in 2007 from Mexico (Source: Japan Customs). The growth of seafood imports happened after the EPA (Agreement for the Strengthening of the Economic Partnership) was signed in September 2004 and entered into force in April 2007. According to the Schedule of Japan in the EPA, those items for immediate tariff elimination include crustaceans, oysters and scallops. After some years of implementation, most seafood tariff rates have been phased to zero.
8. Japan with other EPA countries – Japan has also signed EPAs with other countries involving significant seafood trade: Chile, Thailand, Indonesia, and Malaysia. These EPAs have resulted in tariff rate reductions and/or elimination for seafood products. With the exception of Malaysia, all countries have expanded their seafood exports to Japan following the conclusion of EPAs.
9. Japan tariff relief for GSP and LDC countries – In the Japan tariff schedule, benefits have not only ([http://www.customs.go.jp/english/tariff/2008\\_4/index.htm](http://www.customs.go.jp/english/tariff/2008_4/index.htm)) been provided to EPA countries, but also to GSP (Generalised System of Preferences) countries and LDC (Least Developed Countries) countries. The rates in preferential tariff treatment granted by Japan for seafood to GSP countries are around 2% lower than those to WTO members. Those to LDC are mostly free. Japan GSP scheme covers 141 countries and 14 territories, including China, Vietnam, and India. (<http://www.mofa.go.jp/policy/economy/gsp/>)
10. There are different factors leading to Australia's fall in seafood exports to Japan. It is true that some causes have been the relative strength of the Australian dollar to the yen in recent years and Japanese slow economic growth, but other causes cannot be ruled out including tariff reductions/exemptions arising from EPAs and GSP/LDC scheme of Japan with other countries. Compared with Australia, some of those countries have similar value of exports to Japan, and some even greater, although the composition of their seafood exports might be different. It demonstrates that Australian seafood exports are not a threat to Japanese producers on the one hand, and reduction and elimination of tariffs in the schedule of Japan on seafood imports from Australia are important to the sustainable development of trade on the other hand.

## **BACKGROUND**

11. The Japan-Australia FTA negotiations were launched in December 2006.
12. The sixth round of negotiations between Japan and Australia was held in Tokyo from 28 July to 1 August 2008.
13. Japan has signed EPAs with Singapore, Mexico, Malaysia, Chile, Thailand, the Philippines, Brunei, and Indonesia.
14. Japan is under EPA negotiations with Australia, ASEAN, GCC, Republic of Korea, Vietnam, India, and Switzerland.
15. The next round of FTA negotiations between Japan and Australia is scheduled for late October.

Agency: Seafood Services Australia (on behalf of the Seafood Access Forum)  
Date: October 2008