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Japan's food tariffs not a deal-breaker

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Australia will encourage Japan to scrap its agricultural import tariffs, but will not insist on it during free says.

Both countries have declined to provide details of high-level talks between Mr Emerson and Japan's Prime Minister Naoto Kan. Japan is keen to safeguard its heavily subsidised farm sector, which it protects with tariffs of 800 per cent on wheat imports.

In early January, Prime Minister Naoto Kan said he wanted 2011 to be the year Japan began "opening up its market". But trade negotiations between Australia and Japan have dragged on since their first round in Canberra in December. On Thursday, diplomats from both sides met in Tokyo for the 12th round of meetings in what could prove to be a breakthrough in trade agreements.

"Our side has reported to me some very encouraging developments in terms of engagement from the joint press conference with Mr Kaieda in Sydney on Friday.

"It's a continuation of the newfound momentum in the negotiations."

Mr Kaieda was hopeful about striking an agreement, but neither minister would say when that might happen.

"Of course, there are still challenges that need to be overcome," Mr Kaieda told reporters.

Mr Emerson stipulated that he welcomed changes to Japan's import tariff system, but said it was not a precondition for trade talks.

"We are seeking only to encourage the reform process," he said.

"But I have long taken the approach that reforms that are worth pursuing in a country should be pursued over time."

"If that, in time, allows more Australian agricultural producers an opportunity to compete, then that is a good thing."

The next round of formal talks will be held in Canberra in April.

Japan is Australia's second-largest export market and its third-largest source of foreign investment.

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