

FACT SHEET: OUTCOMES AT A GLANCE

Japan is a vital, long-standing and highly complementary economic partner for Australia. In 2013, two-way goods and services trade reached \$70.8 billion (\$66.5 billion trade in goods and \$4.3 billion trade in services), making Japan Australia's second-largest trading partner. Japan is Australia's second-largest export destination (15.5 per cent of total exports) and third-largest source of imports (6.5 per cent). At the end of 2013, Japanese investment in Australia was valued at \$131.0 billion and Australian investment in Japan reached \$50.2 billion.

Despite the strong trade and investment relationship Australian exporters and service providers face high barriers for trade with Japan, including agricultural tariffs of up to 219 per cent.

The Japan-Australia Economic Partnership Agreement (JAEPA) will deliver significant benefits to Australian farmers, manufacturers, exporters, service providers and consumers. More than 97 per cent of Australia's exports to Japan will receive preferential access or enter duty-free when JAEPA is fully implemented. JAEPA is by far the most liberalising trade agreement Japan has ever concluded.

FOR AUSTRALIAN AGRICULTURE EXPORTERS

Japan has a heavily protected agriculture market. Australia is the first significant agricultural producer to conclude a meaningful deal with Japan, providing Australian exporters a competitive advantage. There will also be scheduled renegotiation of market access outcomes for key products to facilitate future liberalisation and protect Australia should Japan conclude preferential deals with Australia's competitors.

Key outcomes on entry into force of the agreement include:

- Rapid tariff reductions for **beef**, Australia's largest agricultural export to Japan worth \$1.4 billion in 2013, providing an immediate and significant competitive advantage over our major competitor, the United States.
- Elimination of the 15 per cent tariff on bottled **wine** over 7 years, with the tariff on bulk wine eliminated immediately. Wine exports were worth \$42 million in 2013.
- Duty-free quotas for Australian **cheese**, with trade worth \$372 million in 2013.
- Immediate and preferential duty-free access for the growing trade in **milk protein concentrates, lactose and casein** (worth \$53 million) as well as new opportunities for **ice-cream and frozen yoghurt** exports.
- Fast tariff elimination on the vast majority of Australia's **fruit, vegetables, nuts and juice**, worth \$111 million in 2013. For example tariffs on **macadamia nuts** (exports worth \$16.2 million in 2013), and **asparagus** (\$13.5 million) will be eliminated immediately.
- Tariffs on **lobsters, crustaceans and shellfish** will be immediately eliminated and the tariff on Australia's largest seafood export, **tuna**, and **atlantic salmon**, will be phased out over 10 years. Australia's seafood exports to Japan were worth \$200 million in 2013.

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- Immediate duty-free and quota free access for **wheat for feed and barley for feed** as well as streamlined export arrangements for some Australian **wheat** varieties. Australia's grains trade to Japan was worth over \$770 million in 2013.
- Immediate tariff elimination and reduced levies for high polarity (international standard) **raw sugar**, with Australian exports of low polarity sugar to Japan worth an estimated \$235 million in 2013

FOR AUSTRALIAN RESOURCE AND MANUFACTURING EXPORTERS

On entry into force of JAEPA, 99.7 per cent of Australia's exports of resource, energy and manufacturing products will enter Japan duty-free. On full implementation of JAEPA, all of Australia's current resources, energy and manufactured goods exports will benefit from duty-free entry into Japan.

Our exports of these products to Japan were worth over \$42 billion in 2013.

Outcomes include:

- Elimination of tariffs on entry into force for **coke and semi coke** of coal (worth \$89 million in 2013), non-crude **petroleum** oils (\$74 million), **aluminium hydroxide** (\$73 million) and **titanium dioxide** (over \$14 million).
- Elimination of tariffs for **unwrought nickel** (\$98 million) and **ferro-manganese** (\$37 million).
- Elimination of tariffs on **paints** (\$6 million), key **plastic** products (around \$33 million) and **pearl jewellery** (Japanese imports worth \$13.9 million) on entry into force.

FOR AUSTRALIAN SERVICES SUPPLIERS

JAEPA guarantees Australian services suppliers access to the significant and well-developed Japanese market in financial, legal, education, and telecommunications services. JAEPA will provide Australian services exporters with the best treatment Japan has agreed with any other trading partner. Outcomes include

- Australian **financial service providers** guaranteed cross-border access to Japan when providing investment advice and portfolio management services.
- Improved access to the Japanese **legal services** market for Australian law firms
- Guaranteed market access for Australian **education** providers to Japan's higher education services market, including vocational and technical education. JAEPA is expected to boost the international competitiveness of the Australian TAFE sector.
- Australian **telecommunications** providers to benefit from commitments on non-discriminatory treatment, regulatory transparency, competitive safeguards and fair and reasonable access to telecommunications networks and services.
- Australian **professionals** (including **architects, engineers and accountants**) to benefit from guaranteed existing market access and visa access arrangements, including for their spouse and dependants to enter and stay in Japan.

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- Australian **innovators** and **creative industries** to enjoy high levels of intellectual property protection in Japan broadly equivalent to protections provided in Australia.

FOR INVESTORS

JAEPA sends a clear message to Japanese investors that Australia is an attractive investment destination. It will promote further growth and diversification in the flow of Japanese investment into Australia by raising the screening threshold, at which private Japanese investment in non-sensitive sectors is considered by the Foreign Investment Review Board, from \$248 to \$1,078 million. Australia has reserved policy space to screen proposals for investment in agricultural land and agribusinesses at lower levels. JAEPA also provides enhanced protections and certainty for bilateral investments.

FOR AUSTRALIAN CONSUMERS AND BUSINESSES

Consistent with Australia's other bilateral trade agreements, remaining Australian tariffs on Japanese imports will be eliminated on full implementation.

This includes removing the five per cent tariff on Japanese passenger and goods motor vehicles electronics and white goods, with consumers and businesses to benefit from lower prices and / or greater availability of Japanese products.

For some of Australia's sensitive sectors (our sensitive auto parts, steel, copper, plastics, chemicals and clothing, textiles and footwear) the five per cent tariff will be phased out over periods of up to eight years. The \$12,000 specific tariff on Japanese used cars will be retained.

More information on the Japan-Australia Economic Partnership Agreement is available at DFAT's website www.dfat.gov.au/fta/jaepa