



## **Competitive edge for Australia in the Japanese market**

Australian business and industry will gain a distinct competitive edge through the implementation of a new agreement with Japan. According to the report released today by the Joint Standing Committee on Treaties, the Japan-Australia Economic Partnership Agreement (JAEPA) is seen as the most liberalising trade agreement the country has concluded to date.

The Agreement with Australia's second-largest trading partner will reduce the high 38.5 per cent tariff on beef, Australia's largest agricultural export to Japan worth \$1.4 billion in 2013. It will introduce immediate duty-free quotas for Australian cheese, immediate duty-free access for the growing trade in milk protein concentrates and new opportunities for ice-cream and frozen yoghurt.

JAEPA means not only reduced tariffs but the opportunity to beat Australia's competitors into the market and establish a presence with consumers before other countries have a chance.

Japanese investment in Australia currently runs at \$131 billion and this is expected to increase significantly with the lifting of the non-screening investment level to \$1,078 million.

Committee Chair, Wyatt Roy MP says free trade agreements are often seen solely in terms of tariff reductions but there's more on offer here.

"The investment provisions will make it simpler for Japanese investors to do business in Australia making it an attractive option in an increasingly competitive market."

Minerals and energy resources make up the bulk of Australia's export trade with Japan, worth over \$24 billion and accounting for over 80 per cent of total merchandise exports in 2013.

Australia is facing major competition in this area from global competitors but JAEPA will offer Japan reassurance concerning energy and resource security from Australia, providing suppliers with a boost.

Mr Roy said, "While the Fukushima Daiichi incident may have decreased the demand for Australian uranium, Australia also supplies Japan with alternative energy sources, gas and thermal coal. The imports of thermal coal from Australia have increased by 12 per cent."

"The Committee is satisfied that JAEPA has the potential to provide Australian business and industry with a range of profitable opportunities and to be a net benefit to the Australian economy."

The full report is available on the Committee's website: <http://www.aph.gov.au/jsct> or by contacting the Committee Secretariat on (02) 6277 4002.

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