

What will JAEPA do for Australia?

JAEPA will significantly improve Australian companies' access to the Japanese market, making their goods and services exports more cost competitive. JAEPA will also improve the range and price of Japanese inputs for Australian manufacturers. As Asia's rapid economic growth continues, closer trade ties with major Asian economies are essential to Australia's continued prosperity.

For business and consumers

JAEPA will establish an advantage for Australian business over its competitors in Japan. More than 97 per cent of Australia's exports to Japan will receive preferential access or enter duty-free when JAEPA is fully implemented.

Japan is the second-largest market for Australian agriculture and our largest food market. Through JAEPA, Australia becomes the world's first major exporter to unlock Japan's high import barriers. JAEPA will slash prohibitive agricultural tariffs on a wide range of products. JAEPA will eliminate tariffs on all of Australia's manufacturing, energy and resource exports.

JAEPA guarantees Australian services suppliers access to the significant and well-developed Japanese market in key areas. Japan has committed to extend future liberalisation, including commitments it makes in future trade agreements, to Australian services exporters and investors.

JAEPA will boost Japan's diverse and growing investment in Australia by raising the foreign investment review threshold. It will also provide enhanced protections and certainty for Australian investors in Japan.

Australian consumers will benefit from a wider and lower-priced range of goods and services including cars and electronic goods.

“This agreement will accelerate the growth of Australian food exports into Japan to meet growing demand from Japanese consumers who value Australia's high quality food.”

Gary Dawson | Chief Executive Officer, Australian Food and Grocery Council

JAEPA at a glance – benefits of JAEPA

- ▶ More than 97 per cent of Australia's exports to Japan will enter duty-free or will receive preferential access when JAEPA is fully-implemented
- ▶ JAEPA will slash prohibitive agricultural tariffs on a wide range of products to Australia's second-largest agricultural export market, including rapid tariff reductions for beef, Australia's largest agricultural export to Japan
- ▶ JAEPA eliminates tariffs on all of Australia's current minerals, energy and manufacturing exports
- ▶ JAEPA guarantees Australian service providers outcomes equal to or better than the best commitments Japan has made in any of its other trade agreements
- ▶ Under JAEPA, both governments will support work towards enhanced mutual recognition of professional qualifications
- ▶ JAEPA will promote Japanese investment in Australia by raising the screening threshold at which private Japanese investment in non-sensitive sectors is considered by the Foreign Investment Review Board
- ▶ Australian innovators will enjoy levels of protection for their intellectual property in Japan broadly equivalent to protections provided in Australia

Information and contacts

For more information on JAEPA | www.dfat.gov.au/fta/jaepa

Department of Foreign Affairs and Trade

RG Casey Building, John McEwen Crescent
Barton ACT 0221
Phone (02) 6261 1111

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JAPAN-AUSTRALIA

ECONOMIC PARTNERSHIP AGREEMENT

The Japan-Australia Economic Partnership Agreement (JAEPA) delivers substantial benefits for the Australian economy, making it easier to do business with Japan, our 2nd largest trading partner. The Agreement will strengthen and deepen trade between two of the Asia-Pacific's largest economies.

JAEPA is the most liberalising bilateral trade agreement that Japan has ever concluded, providing Australian exporters, importers, investors and producers a significant advantage over their international competitors. This groundbreaking agreement will significantly improve access to the world's third-largest economy for Australian business.

“Great for jobs and the economy. Japan is a very important market for Australia. It again reinforces Australia's credentials as a trading nation.”

Richard Goyder | Wesfarmers Chief Executive
(Chair of the 2014 B20)

Why Japan?

Japan is an economic heavy-weight: it is the third-largest economy in the world, worth almost US\$5 trillion in 2013, and our second-largest trading partner. Two-way trade between Japan and Australia stood at \$70.8 billion in 2013, more than 10 per cent of Australia's total trade. Japan is a vital, long-standing and highly complementary trading partner for Australia.

Japan is the third-largest investor in Australia, with investment stocks worth over \$130 billion in 2013. Japan is Australia's sixth-largest investment destination.

JAEPA is Australia's second bilateral trade agreement to be concluded with a major trading partner in North Asia after a Free Trade Agreement (FTA) with Korea was signed in April 2014. An FTA with China is currently under negotiation. Together these three economies represent over half of Australia's exports.

“JAEPA will provide a significant boost to Australia's minerals exporters and further strengthen the deep and complementary trade and investment relationship in resources between Japan and Australia.”

Brendan Pearson | Chief Executive Officer,
Minerals Council of Australia

Case Study: Stockyard Beef

Stockyard Beef is a specialist high-quality beef producer and exporter to over 20 countries and their beef can be found in many of the world's leading restaurants and supermarkets. Stockyard Beef pioneered the export of chilled grain-fed beef to Japan in 1974. Since that time, Japanese demand for Stockyard's beef has continued to grow.

JAEPA offers quick cuts in Japan's 38.5 per cent tariff for both frozen and fresh beef, giving a significant advantage over our main competitor, the United States.

"JAEPA is an important outcome for Stockyard as it will make our beef more competitive to consumers; increase the export volume and further strengthen the strong relations we hold with this important market" said CEO of Stockyard Beef, Lachie Hart.

Case Study: ANZ Bank

ANZ has had a presence in Japan since 1969 and offers a range of banking products and services to both retail and corporate customers. ANZ works closely with Japanese clients seeking trade and investment opportunities abroad by providing expertise in sectors like infrastructure, natural resources, and agribusiness.

Under JAEPA, ANZ is well-placed to benefit from the further growth and diversification in trade and investment flows between our countries.

"JAEPA is already enhancing the business environment between Australia and Japan and the agreement will inevitably stimulate further trade and investment to take place. We will support JAEPA by increasing connectivity between the two countries to support business development" said CEO of ANZ Japan, Peter Davis.

Case Study: De Bortoli Wines

De Bortoli is Australia's second-largest family-owned wine company and fifth-largest wine exporter. Established over 80 years ago, the company has an annual turnover of close to \$190 million and employs over 450 staff across its Australian and international operations.

De Bortoli exports approximately 20 per cent of its production to more than 70 countries including Japan. Under JAEPA, Japan will remove the current 15 per cent tariff on Australian bottled wine over seven years and will eliminate the tariff on bulk-wine immediately.

"JAEPA is great news for our company" said Victor De Bortoli, export manager at De Bortoli Wines. "Australian wine exporters have been under pressure in the Japanese market, holding volume but losing value. JAEPA gives us the ability to claw back sales."

AUSTRALIA'S TRADE AND INVESTMENT WITH JAPAN IN 2013

TOP 5 EXPORTS TO JAPAN

- 1 Liquefied natural gas – \$14.38b*
- 2 Coal – \$13.68b
- 3 Iron ores and concentrates – \$9.57b
- 4 Beef – \$1.43b
- 5 Copper ores and concentrates – \$1.37b

AUSTRALIA-JAPAN TRADE**

- › TOTAL EXPORTS – \$49.53b
- › TOTAL IMPORTS – \$21.22b
- › TOTAL TWO-WAY TRADE: – \$70.75b

TOP 5 IMPORTS FROM JAPAN

- 1 Passenger motor vehicles – \$6.70b
- 2 Refined petroleum – \$3.40b
- 3 Goods vehicles – \$1.24b
- 4 Transport services – \$938m
- 5 Rubber tyres – \$669m

AUSTRALIA-JAPAN INVESTMENT

- › Australia's investment (stock) in Japan: \$50.23b
- › Japan was the 6th largest destination for Australian investment (stock) abroad in 2013
- › Japan's investment (stock) in Australia: \$130.98b
- › Japan was the 3rd largest source of investment (stock) in Australia in 2013

* Japan Ministry of Finance data, including cost, insurance and freight

** Includes unpublished data

Data is the most recent, available at the time of publishing and is based on ABS data

Case Study: Agrimac

Agrimac has a well established reputation as a leading exporter to Japan of the finest quality Australian macadamias grown in some of the best agricultural land the north east of New South Wales and the south east of Queensland has to offer. With 4,000 tonnes supplied annually from over 160 quality focussed and innovative growers, Agrimac has been instrumental in establishing and developing the Japanese market for macadamias – Australia's only successfully exported native horticultural food product.

Japan already loves Australian macadamias. It is Australia's largest export market, worth over \$16 million in 2013. Under JAEPA the current 5 per cent tariff on Australian macadamias will be eliminated on day one.

Michael Donnelly, Agrimac's export manager said "Australian macadamias have a great reputation in Japan, which is our largest export market. The EPA will improve our competitive advantage, and has generated excitement amongst our Japanese customers who look forward to further growing our business."

"This means more access for agri-producers, service providers and investors to the large and affluent Japanese market and Japan will benefit from greater access to investment opportunities in Australia."

Catherine Livingstone | President, Business Council of Australia

Case Study: Astec Paints Australasia Pty Ltd

Astec Paints is a privately-owned South Australian manufacturer of premium paint and paint-related products, operating in Adelaide since 1978. Export sales account for over 70 per cent of Astec Paints' turnover, and the company has supplied to the Japanese market for some 20 years.

Under JAEPA, Japan will immediately eliminate all tariffs (ranging up to 4 per cent) on paint and paint-related products.

"Our product exports to the Japanese market have been increasing exponentially and we look forward to boosting sales further as a result of new opportunities created under JAEPA", said Astec Paints Director, Peter Galanis.