

JAPAN- AUSTRALIA

ECONOMIC PARTNERSHIP AGREEMENT



Outcomes at a Glance

Japan is a vital, long-standing and highly complementary economic partner for Australia. It is our second largest export market and fourth largest source of foreign investment. The Japan-Australia Economic Partnership Agreement (JAEPA), which entered into force on 15 January 2015, gives Australian exporters significantly improved market access in goods and services and substantially improves investment protections.

For Australian goods exporters

Once JAEPA is fully implemented, around 98 per cent of Australia's merchandise exports to Japan will be able to receive preferential access or enter duty-free.

Japan has a heavily protected **agriculture** market. Australia is the first significant agricultural producer to have a meaningful trade agreement with Japan, providing Australian exporters with a competitive advantage. On entry into force in January 2015, Japan eliminated tariffs for bulk wine, high polarity (international standard) raw sugar, milk protein concentrates, lactose and casein, wheat and barley for animal feed, some horticulture (including asparagus, macadamia nuts, almonds and mangoes), and some seafood (lobsters, prawns, oysters, crabs and abalone). Tariffs on most other agricultural exports are being eliminated within short time frames. Other key outcomes include:

- **Beef:** rapid tariff reductions for Australia's largest agricultural export to Japan, providing a significant competitive advantage over our major competitor, the United States
- **Wine:** elimination of the 15 per cent tariff on bottled wine by 1 April 2021, and immediate elimination of the tariff on bulk wine
- **Dairy:** duty-free quotas for Australian cheese, and new opportunities for ice-cream and frozen yoghurt
- **Seafood:** the tariff on Australia's largest seafood export, tuna, and Atlantic salmon, will be phased out by 1 April 2024.

From entry into force of JAEPA, almost all of Australia's exports of **resources, energy and manufacturing** products entered Japan duty-free. Upon full implementation on 1 April 2034, all of Australia's resources, energy and manufactured goods exports will benefit from duty-free entry into Japan.

Resources, energy and manufacturing outcomes include:

- Immediate elimination of tariffs for coke and semi coke of coal, non-crude petroleum oils, aluminium hydroxide and titanium dioxide
- Phased elimination of tariffs for unwrought nickel and ferro-manganese
- Immediate elimination of tariffs on paints, key plastic products and pearl jewellery.

Fact sheet last update: August 2018

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



For Australian services suppliers

JAIPA provides Australian services exporters with treatment equivalent to the best Japan has agreed with any other trading partner. Key outcomes include:

- **Australian financial service providers** are guaranteed cross-border access to Japan when providing investment advice and portfolio management services
- **Australian law firms** have gained improved access to the Japanese legal services market
- **Australian education providers** are guaranteed market access to Japan's higher education services market, including vocational and technical education
- **Australian telecommunications providers** can 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**) can benefit from guaranteed existing market access and visa access arrangements
- **Australian innovators** and **creative industries** enjoy high levels of intellectual property protection in Japan, broadly equivalent to protections in Australia.

For investors

JAIPA is promoting further growth and diversification in the flow of Japanese investment into Australia, having liberalised the screening threshold at which private Japanese investment in non-sensitive sectors is considered by the Foreign Investment Review Board, from \$252 million to \$1.134 billion. Australia retains the ability to screen proposals for investment in sensitive sectors, and agricultural land and agribusinesses, at lower levels. JAIPA 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 are being eliminated progressively. 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 (some 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.