



Japan-Australia Economic Partnership Agreement

January 2015

The Japan-Australia Economic Partnership Agreement (JAEPA) took effect on 15 January 2015. The agreement provides valuable preferential access for Australia's exports and is considered to be the most liberalising trade agreement Japan has ever concluded.

JAEPA significantly improves NSW companies' access to the Japanese market, making exports of NSW goods and services more cost competitive. It delivers significant benefits to NSW farmers, manufacturers, exporters, service providers and consumers.

Key benefits of JAEPA

More than 97 per cent of Australia's exports to Japan will enter duty-free or will receive preferential access when the agreement has been fully implemented. Some tariffs have been cut immediately, while others will be phased out.

Agriculture

In general, while tariffs on some key NSW agricultural goods have been eliminated, tariffs on other agricultural products will be reduced over several years.

More specifically, the tariff on **fresh beef** is cut from 38.5 per cent to 32.5 per cent and the tariff on **frozen beef** is cut from 38.5 per cent to 30.5 per cent. The tariffs for fresh beef will be reduced to 23.5 per cent over the next 15 years and for frozen beef to 19.5 per cent over the next 18 years. Beef accounts for more than half of NSW agricultural exports to Japan and these tariff reductions will provide an immediate and significant competitive advantage over NSW's major competitor, the United States.

Tariffs on the majority of NSW's **fruit, vegetables and nuts** will be reduced over time. For example, tariffs on grapefruit, pears, apricots, peaches and plums will be reduced over five years. The tariff on apples will be reduced over 10 years.

Taking advantage of NSW's counter-seasonal production, tariffs on oranges, table grapes and

cherries will be reduced and eventually eliminated during the State's exporting season.

Wine and beer exports also benefit. The tariff on bulk wine over 150 litres is eliminated immediately and the tariff on two to 150 litres will be eliminated over 10 years. The tariff on bottled and sparkling wine will be eliminated over seven years. The tariffs on fortified wine, cider, sherry and mead will be eliminated over five years.

For **dairy**, JAEPA provides an immediate duty-free quota for NSW cheese. There is immediate, preferential duty-free access for milk protein concentrates, lactose and casein plus new opportunities for ice cream and frozen yoghurt. Dairy is NSW's fourth largest agricultural commodity export to Japan.

Minerals and manufactured products

Tariffs on most manufactured goods and resources have been eliminated. Medical products make up more than one-third of NSW's manufactured exports to Japan.

The tariff on coke and semi coke of coal is eliminated immediately.

Services

NSW dominates Australia's services industries. Services comprise 86 per cent of the State's industry output, highlighting the strength of the knowledge-based economy which centres on banking, insurance and finance, legal, accounting and engineering. JAEPA has a number of important outcomes for NSW's services industry.

For instance, NSW **financial services providers** have gained guaranteed cross-border access to Japan when providing investment advice and portfolio management services. This gives NSW firms access to one of the world's largest pools of managed funds.

Law firms have also gained improved access to the Japanese legal services market.

In addition, JAEPA provides guaranteed market access for NSW **education providers** to Japan's

higher education services market, including vocational and technical education. Japanese students wanting to study at NSW education providers listed on the Australian National Register of Higher Education Providers, including TAFEs, are able to apply for low-interest loans from the Japan Student Services Organisation.

Telecommunications providers also benefit from commitments on non-discriminatory treatment, regulatory transparency, competitive safeguards and fair and reasonable access to telecommunications networks and services.

NSW professionals (including **architects, engineers and accountants**) benefit from guaranteed existing market access and visa access arrangements, including for their spouse and dependents to enter and stay in Japan.

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

Investment

JAEPA promotes the growth and diversification of Japanese investment in NSW and Australia.

The agreement raises the screening threshold at which private Japanese investment in non-sensitive sectors is considered by the Foreign Investment Review Board from \$248 million to \$1,078 million. There is scope to screen proposals for investment in agricultural land and agribusinesses at lower levels.

NSW consumers and businesses

Remaining Australian tariffs on Japanese imports will be eliminated when the agreement is fully implemented.

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

For some of Australia's sensitive sectors (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 tariff on Japanese used cars is retained.

For information and support

NSW Trade & Investment has a network of export advisers across the State available to help exporters access the Japanese market.

The Department has a Trade & Investment Office in Tokyo, Japan to facilitate bilateral business opportunities.

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