

Conclusion

- 4.1 The strong, long standing Japan-Australia bilateral relationship is reinforced by complementary economic ties. Japan is Australia's second-largest trading partner with two-way trade, in 2013, standing at \$70.8 billion with a surplus for Australia of \$28.3 billion. Japan was Australia's second-largest goods export destination (15.5 per cent of total exports) and third-largest source of imports (6.5 per cent) in 2013. Japanese investment in Australia was valued at \$131 billion at the end of 2013, and Australian investment in Japan reached \$50.2 billion.¹
- 4.2 On entry into force of the *Agreement between Australia and Japan for an Economic Partnership (JAEP)*, Japan's tariffs will be set at zero on 92.8 per cent of its current imports (by value) from Australia. On full implementation, 97.5 per cent of the value of Japanese imports from Australia are expected to benefit from preferential tariff treatment.²
- 4.3 The Committee found that there was support for the Agreement, even from those industries that had not achieved completely favourable outcomes.

Committee comment

- 4.4 JAEP will give Australian exporters significantly improved market access in goods and services, eliminating or significantly reducing tariffs on a wide range of Australian goods exports, including beef, natural cheese, wine, horticulture and energy and resource products. It will guarantee market access equivalent to or better than Japan has provided

1 Regulation Impact Statement, Japan-Australia Economic Partnership Agreement, 12 May 2014 (hereafter referred to as 'RIS'), para 2.

2 RIS, para 31.

any other trading partners in key areas of commercial interest to Australian service providers, including education, financial, legal, telecommunications, engineering and other professional services. Australia is the first major agricultural exporter to conclude an Economic Partnership Agreement (EPA) with Japan, giving Australian exporters a real competitive advantage.

- 4.5 The Committee recognises the important competitive advantage provided by JAEPA for Australian business and industry. Despite the debate over the comparative value of bilateral versus multilateral trade agreements, the Committee understands the need for a pragmatic approach if Australia is not to fall behind its competitors in the growing Asian market. Australia has gained a significant 'first-mover' advantage with JAEPA which should open up opportunities for a range of Australian exporters.
- 4.6 The Committee is aware that a number of Australian industries have failed to obtain the most favourable results from JAEPA. The Committee would urge all stakeholders and the Australian Government to take full advantage of the review mechanisms incorporated into JAEPA to address areas of concern to them.
- 4.7 In this regard, the Committee reiterates its calls for the collection of relevant data and the ongoing, systematic, structured monitoring and evaluation of free trade agreements (FTAs).³
- 4.8 The Committee is aware of the complex range of non-tariff barriers that continue to deter many Australian businesses and industries from entering the Japanese market. The Committee urges continued action to remove or mitigate these barriers wherever possible. The Committee also encourages the Australian Government to monitor domestic non-tariff barriers that may be inhibiting Australian exporters.
- 4.9 The Committee is satisfied that JAEPA has the potential to provide Australian business and industry with a range of profitable opportunities. The Committee believes JAEPA will provide a net benefit to the economy and is in the National interest and recommends that the Treaty should be ratified and binding treaty action be taken.

3 See for example, Joint Standing Committee on Treaties, *Report 142: Treaty tabled on 13 May 2014: Free Trade Agreement between the Government of Australia and the Government of the Republic of Korea (Seoul, 8 April 2014)*, September 2014, p. 47.

Recommendation 1

- 4.10 **The Committee supports the *Agreement between Australia and Japan for an Economic Partnership* and recommends that binding treaty action be taken.**

Mr Wyatt Roy MP
Chair