



Australian Government

Australian Grape and Wine Authority

T +61 8 8228 2000
F +61 8 8228 2066
E enquiries@agwa.net.au
W www.agwa.net.au

Australian Grape and Wine Authority

ABN 89 636 749 924
Industry House - National Wine Centre
Cnr Hackney & Botanic Roads,
Adelaide SA 5000
PO Box 2733, Kent Town SA 5071, Australia

10 November 2014

Committee Secretary
Senate Foreign Affairs, Defence and Trade References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Sullivan

Thank you for the opportunity to comment on two Bills recently referred to your Committee, being the;

- Customs Amendment (Japan-Australia Economic Partnership Agreement Implementation) Bill 2014; and
- Customs Tariff Amendment (Japan-Australia Economic Partnership Agreement Implementation) Bill 2014.

We have no specific comment on the content of either of the two Bills, one being principally concerned with rules concerning the origin of goods, and the other being solely concerned with amendments to the Tariff Schedule for Japanese originating goods. Nevertheless we understand the importance of these two Bills in giving force to the Japan-Australia Economic Partnership Agreement (the "Agreement") and commend them to the Committee for prompt consideration.

Australian wine faces a 15% (or 125 yen/litre, whichever is the lower) tariff on entering Japan. Wine of Chile has attracted a preferential rate since 2008 as a result of the free trade agreement between Chile and Japan of the previous year. Between 2008 and 2013 imports of Chilean bottled wine to Japan increased from 13.3 to 36.4 million litres whilst imports of Australian bottled wine fell from 7.3 to 6.8 million litres. Chilean wine now constitutes about 20% of the Japanese wine market, with Australia contributing less than 4%. The 5 year compound annual growth rate (CAGR) in volume of Australian wine exported to Japan is -3%, and in value, the CAGR is -5%. Australia has lost market share to Chile over that period, and the early implementation of preferential tariff arrangements could help to recover ground lost during that time.

Under the Agreement the tariff on Australian bulk wine exported to Japan will be eliminated upon entry into force, and the tariff on Australian bottled wine will decrease in instalments over a seven year period. Only 8% of the Australian wine exported to Japan is despatched in bulk, rather than packaged, format.

The Australian Grape and Wine Authority welcomes the earliest possible entry into force of the Agreement. In particular, entry into force prior to April 2015 should guarantee two consecutive monthly reductions in the tariff rate applying to Australian bottled wine entering the Japanese market.

Despite the Agreement, Australian wine producers attempting to access the Japanese market face a number of technical barriers associated with authorised wine production techniques. Nevertheless the Agreement provides the potential for enhanced wine trade between Australia and Japan.

Yours sincerely

Andreas Clark
Acting Chief Executive