

Both Japan & Australia enjoy the boost of two-way bilateral trade

6 April 2018

Dear Friends,

I would like to take this opportunity to share with you some of the recent trends in bilateral trade between Japan and Australia.

Last year, 2017, was a milestone for our two countries as we celebrated the 60th anniversary of the Japan-Australia Commerce Agreement that was agreed in 1957. Within 10 years of the conclusion of the Commerce Agreement, Japan became Australia's top trading partner in 1968 – a position Japan maintained over the ensuing four decades, until 2008.

Japan has continued to be a major economic partner for Australia. In 2016/17, Japan was Australia's second largest trading partner, second largest export market, and second largest source of foreign direct investment. The value of two-way goods and services between our two countries has risen 13 per cent compared with previous years, reaching AUD 68.6 billion. In 2015/16, the U.S. became Australia's second largest trading partner for a short while, however the following year saw Japan return to second position.

In 2016/17, trade in goods increased by 17.4 per cent compared with previous years with Australian exports to Japan surpassing AUD 42.2 billion. Among these, coal and iron ore imports rose by 35.4 and 14.8 per cent respectively. Japan has become the number one destination for Australian coal, LNG, beef, aluminium and cheese exports.



(Photo : Idemitsu Australia Resources Pty Ltd)

Furthermore, services imports to Japan from Australia reached AUD 2.5 billion in 2016/17, which is an 8.7 per cent increase than previous years. Tourism accounted for AUD 1.1 billion of this with 435,000 Japanese tourists visiting Australia in 2017, equalling a 30.2 per cent increase over 3 years.

We have seen an 8 per cent increase in 2016/17 of important goods from Japan into Australia, amounting to AUD 20.74 billion. Vehicle imports account for AUD 7.4 billion of this total, representing a 12.4 per cent increase than previous years.



(Photo: Toyota Motor Corporation)

Since the Japan-Australia Economic Partnership Agreement (JAEPA) came into effect in January 2015, the considerable increase of Australian agricultural imports to Japan is greatly contributing to bilateral trade relations. For example, the import value of sugar in 2016/17 has increased by 69 per cent than previous years, and fruit and nut imports have also risen by 19 per cent.

In the energy sector, INPEX's Ichthys LNG project will begin operations this year and it is anticipated that this will further increase Australian energy exports to Japan.

The signing of TPP11 (CPTPP) by 11 countries including Japan and Australia on the 8th of March in Chile is of great economic and strategic significance amid an increasingly protectionist climate as it establishes not only free but also fair rules for trade in the 21st Century. Since the withdrawal of the U.S. from TPP negotiations, Japan and Australia have demonstrated leadership while working closely together on the early realisation of TPP11. From the perspective of trade between Japan and Australia, TPP11 will further build on JAEPA and promote trade liberalisation. As the Japanese Ambassador to Australia, I endeavour to continue working with Australia to further develop our bilateral trade relations through achieving the early entry into force of TPP11.

Yours sincerely,
/S/
Sumio Kusaka

Ambassador of Japan to Australia