

JAPAN- AUSTRALIA

ECONOMIC PARTNERSHIP AGREEMENT



NUTS AND DRIED FRUITS TO JAPAN

MARKET TRENDS AND JAEPA BENEFITS

The Japan-Australia Economic Partnership Agreement (JAEPA) has been in force since 15 January 2015. The third round of tariff reductions was implemented on 1 April 2016, providing significant business opportunities for Australian exporters to Japan. Nuts and dried fruit exporters can benefit from the agreement through the reduction or elimination of tariffs that have previously posed barriers to trade in goods between Japan and Australia.



JAEPA has helped generate renewed interest in and export sales for a range of products. Australia's expanding walnut industry is one sector set to benefit from the reduced tariffs under JAEPA. Japan is the world's second largest importer of walnut kernels, and Australian walnut suppliers are reporting increased interest now that Australia's competitive position has improved.

Almond exports to Japan grew from 32 tonnes in 2014 to 389 tonnes in 2015. This twelve-fold increase in export volume can be attributed to a range of reasons including tariff elimination, domestic demand increases and international supply factors.

Japanese importers look to new markets to ensure continuous supply. While there are several competitors in this market, Australia is considered a desirable supplier due to its food-safety credentials and geographical proximity to Asia.

The timing is ideal for Australian exporters of nuts and dried fruits to take advantage of Australia's 'clean and green' reputation and the momentum gained from JAEPA.

MARKET OVERVIEW

Japan's main source of nuts and dried fruits is the US (California). Drought conditions in recent years have made it difficult for Californian suppliers to meet growing demand in Japan, let alone Asia. As a result, Australian exporters have an opportunity to establish a foothold in Japan's nuts and dried fruits sector.



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Japanese decision makers are influenced by factors such as crop origin, international supply and demand, market trends and currency exchange rates.

Domestic nut production is limited to peanuts and some native nut varieties, which feature in the traditional Japanese diet. As diets diversify, anecdotal evidence suggests nut consumption is increasing and nuts have become more readily available in supermarkets and food retailers. Mainstream Japanese media has actively promoted the health properties of nuts and dried fruits to a broad consumer base, based on claims they can help reduce cholesterol levels and assist with weight loss.



EXPORT OPPORTUNITIES

Early indications are that the vast majority of Australian imports into Japan that are eligible for preferential tariff access are claiming that preference, helping make trade with Australia more attractive and our nuts and dried fruit products more competitive.

There are two main sales channels in Japan for nuts and dried fruits: retail, and food service and processing.

In the retail sector, supermarkets, convenience stores, drugstores and small retailers carry nuts and dried fruit. Japanese retailers are also starting to work with packing houses to develop smaller-portion, private-label packs. Food service and food processing channels both involve importers and wholesalers. Their purchasing volumes are considerably larger than those for retail sales.

To meet customer requirements in Japan, these channels require price stability and continuity of supply from potential export partners.

EDIBLE FRUIT, NUTS AND PEELS HS CODES, VALUES AND TARIFF RATES

HS Code	HS Code Description	AUSTRALIAN EXPORTS TO JAPAN		TARIFFS UNDER JAEPA					
		Value in 2014 US\$'000	Value in 2015 US\$'000	WTO tariff	1 April 2016	1 April 2017	1 April 2018	1 April 2019	1 April 2020
080212	Almonds	332	3,998	2.4%	0%	0%	0%	0%	0%
080262	Macadamias	16,659	17,532	5%	0%	0%	0%	0%	0%
080232	Walnuts	0	108	10%	5%	3.3%	1.7%	0%	0%
080241	Chestnuts	0	0	9.6%	7%	6.1%	5.2%	4.4%	3.5%
080221	Hazelnuts	0	0	6%	0%	0%	0%	0%	0%
080620	Raisins	1,533	949	1.2%	0%	0%	0%	0%	0%
081320	Prunes	0	28	2.4%	0%	0%	0%	0%	0%
081330	Dried apples	0	0	9%	5.6%	4.5%	3.4%	2.3%	1.1%
081340	Dried berries	72	61	9%	0%	0%	0%	0%	0%
081350	Mixed nuts & dried fruits	9	187	12%	0%	0%	0%	0%	0%

Source: FTA Portal (ftaportal.dfat.gov.au) and Trade Map, accessed May 2016.

HOW TO USE JAEPA TO EXPORT YOUR PRODUCTS TO JAPAN

Preferential JAEPA tariffs are not applied automatically.

After confirming that your goods have quarantine approval in Japan, follow the three steps below to take advantage of JAEPA.

- ▶ **1.** Identify the HS codes for all goods you are exporting on the Japan Customs Service website. If you are unsure which HS codes apply to your products, ask your importer to check with Japan Customs on your behalf.
- ▶ **2.** Visit the DFAT Free Trade Agreement Portal to confirm how your products are being treated under JAEPA in terms of tariff reduction and tariff quota.
- ▶ **3.** Review the Free Trade Agreement Portal to ensure your products meet the criteria for 'Australian Origin'.

FTA Portal: ftaportal.dfat.gov.au

- ▶ **4.** Prepare certification of origin for your products.

JAEPA allows Australian exporters to self-certify the origin of their goods by preparing an Origin Certification Document (OCD). Instructions on self-certification are included in DFAT's [Guide to using JAEPA to export and import goods](#).

You can also certify origin by obtaining a Certificate of Origin (COO) from the Australian Chamber of Commerce and Industry (ACCI) and Australian Industry Group (AIG), the accredited certifiers in Australia.

ACCI: www.acci.asn.au

Sample COO:

customs.go.jp/kyotsu/kokusai/gaiyou/au/ACCI.pdf

AIG: www.aigroup.com.au

Sample COO:

customs.go.jp/kyotsu/kokusai/gaiyou/au/AiG.pdf

For more detail, see DFAT's [Guide to using JAEPA to export and import goods](#).

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Sources:

Walnuts Australia media release, *First Australian walnuts exported to Japan*, 8 February 2016

Australian Bureau of Statistics on Global Trade Atlas, 2016

December 2016

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