

# CHAPTER I

## INTRODUCTION

### 1.1 Background

International commerce has been a significant aspect of the global economy, both in the past and the present although presently much larger during the 19<sup>th</sup> century than the 20<sup>th</sup> century. The rise and fall of commerce are viewable through the variety of daily life economic activities of the current era, however the same could not be stated in the past. After the Second World War (WWII) passed, the economic globalization was on a rise and had increased the economic activity around the world, but at the time there was not an accessible degree of availability for the foreign exporters and importers to do trade within another country to make their investment. It was only until the creation of the Economic Partnership Agreement (EPA) did the export and import of goods between nations was improved. In addition, only interests that were essential to the strategic and national interests of both countries were pursued in trade.

Countries in the world were only able to conduct trade with one another and grew trade relations yet at a limited availability, this is due to the matter of trade barriers between the nations on the economic aspect. For instance, immediately after World War II when the economy was booming, out of the many countries in the world, the first few that began trading were Japan and Australia. Both countries started trading mined coal in 1865.<sup>1</sup> In the nineteenth century, both countries engaged in trade, but at a very limited capacity which was only

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<sup>1</sup> Chapter 5 - Australia and Japan-a Trading Tradition,” *Home – Parliament of Australia*

eliminated and removed with the aid of the Japan-Australia Economic Partnership Agreement.<sup>2</sup> There are numerous advantages to the creation of the Agreement that benefited both Japan and Australia; despite the fact that Japan has a limited agricultural trade market, the Agreement offers several advantages that are in line with the nation's interests and would be sufficient to support its development in order to meet the oncoming economic challenge.<sup>3</sup>

Another fact of the Agreement's numerous advantages given such as its function to assist in improving a country's economic component, which is crucial for international cooperation of nations and countries. The benefit of the Agreement is what promotes international cooperation which is the development of a nation's growth and is one of the many reasons why countries like Japan and Australia would cooperate. JAEPA has benefitted the national interest of both Japan and Australia, but it may only be used to conduct trade between the countries if it takes place in a Free Trade Area (FTA) formed in accordance with that country's Free Trade Agreement (FTA). Both Free Trade Area and Free Trade Agreement have similar functions yet are different at several factors. A Free trade Agreement is an agreement between countries where governments would negotiate for an agreement regarding trades of goods and services, investment, and intellectual properties which would allow both countries to conduct trade within the specified and agreed area.<sup>4</sup> For instance,

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<sup>2</sup> "Bilateral Economic Relations in a Global Political Economy: Australia and Japan." <https://journals.sagepub.com/doi/10.1177/102452949700200201>. Accessed November 24, 2022

<sup>3</sup> *Japan in Australia: Culture, Context and Connection* (S.I.: ROUTLEDGE, 2021).

<sup>4</sup> a Free Trade Agreement Is an: Course Hero." *Free Trade.docx - Table of Contents Introduction.1 Literature Review.2 Discussion.6 Conclusion.8 References.8 Abstract A Free Trade Agreement Is*

the US; their major trade aim in any deal with other nations would be to eliminate obstacles to US (United States) exports, safeguard US' interests competing overseas, and strengthen the rule of law in the FTA partner country or countries. In terms of commercial relations, the same might be said about Japan and Australia that would be able to do trade with the Agreement's implementation.<sup>5</sup>

JAIPA is not the only trade Agreement that Japan and Australia have participated into. Japan and Australia also share strategic objectives and have participated in multilateral forums such as the Asia-Pacific Economic Cooperation (APEC), the G20, the ASEAN Regional Forum, and the East Asia Summit (EAS), as well as smaller countries such as the Trilateral Strategic Dialogue. The two countries continue to work closely together within the framework of (with the United States (US)) and the Quadripolar Strategic Dialogue (with the United States and India).<sup>6</sup> The relationship between Australia and Japan is the closest and most mature in Asia. For both Japan and Australia's economic outlook or interest, it would be the trade of their Motor Vehicles and coals respectively.<sup>7</sup> Japan provides most of Australia's motor vehicles while receiving about 2/3 of iron ores and coals in return. This

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an / Course Hero. Accessed November 24, 2022.

<https://www.coursehero.com/file/107268122/Free-tradedocx/>.

<sup>5</sup> Chapter 5 "Free Trade Agreement Overview." *International Trade Administration / Trade.gov*.

<sup>6</sup> "Japan Country Brief." *Australian Government Department of Foreign Affairs and Trade*.

<sup>7</sup> "Diplomatic Bluebook," Ministry of Foreign Affairs of Japan, accessed December 14, 2022,

<https://www.mofa.go.jp/policy/other/bluebook/index.html>.

collaboration is founded on a shared commitment to democracy, human rights, and the rule of law, as well as a shared approach to international security.<sup>8</sup>

Based on the conditions above, this research will focus on the function of The Japan and Australia's Economic Partnership Agreement (JAEPA) in its establishment and the impact that it has on Japan and Australia's national interests.

## 1.2 Research Question

The Japan-Australia Economic Partnership Agreement (JAEPA) is a treaty of an agreement for Japan and Australia in its economy and trade market. This topic intrigues the question on what the functions of JAEPA, and how would it benefit the national interest of Japan and Australia after its implementation. Therefore, the questions that would be answered and explained in this study is:

1. What are the national interests of Japan and Australia?
2. How has Japan-Australia Economic Partnership Agreement is used by Japan and Australia as an instrument to achieve their national interest?

## 1.3 Research Objective

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<sup>8</sup> “Australian Embassy in Strategic Partnership of Australia and Japan.” 在日オーストラリア大使館のホームページ.

This research study aims to assess the National Interest of Japan and Australia through the JAEPA, and to analyze how Japan and Australia uses the JAEPA as an instrument to achieve their National Interest. The study will also give view to the benefits that JAEPA has in giving a good economic for both Japan and Australia as both countries grew a strong relation that will benefits both of their consumers.

#### 1.4 Research Significance

This research study may explain how the implementation of the Japan-Australia Economic Partnership Agreement (JAEPA) could benefit in the Japan and Australia's national interests. This study could also serve to further analyze the benefits for the national interests of Australia and Japan through bilateral interactions and be bolstered by its trade agreements. The agreement between the two nations could also provide an insight view on how economic ties between countries are built and how bilateral relations would affect the buyers and consumers from both Japan and Australia during the international trade.

#### 1.5 Structure of Writing

The Structure of Writing of the research "The Implementation of Japan-Australia Economic Partnership Agreement (JAEPA) as an Instrument for Japan and Australia's National Interest (2015-2021)", will be divided into these divisions as written below:

## CHAPTER I – INTRODUCTION

The first chapter of the thesis will be divided into five sections. In the first section, it shall provide background information on the history of trade relations between Japan and Australia, the execution of their Economic Partnership Agreement, and the advantages it offers for both nations' economies. Second, chapter IV's and chapter V's coverage of the research questions that served as the foundation for the study's design and implementation. The Third section will explain the objective of the research. Fourth, the findings from the research would provide credence to the concept. Fifth, the chapter will be concluded using the writing structure.

## CHAPTER II – CONCEPTUAL FRAMEWORK

The Conceptual Framework of the Thesis will be included in the Second Chapter and divided into several sections to correspond to other sections. First, a compilation of literature reviews will be made using a range of resources, such as reliable governmental websites, academic institutions, and researchers' books, journals, and research papers. Third sections will explain the theories and concepts connected to the JAEPA, which is focused on state-to-state contacts in the area of bilateral trade and is relevant to the thesis' central notion.

## CHAPTER III – METHODOLOGY OF RESEARCH

The third chapter will address the objectives of the study, the methodologies that will be carried out for the research, the types of data used,

the strategies used to collect the data, the methods used to analyze the data, and the research limits.

#### CHAPTER IV – DESCRIPTION AND ANALYSIS

There will be seven sections in Chapter 4: (1) Background information of the Japan-Australia Economic Partnership Agreement, including its background and current role of function for Japan and Australia; (2) The interlining interest of JAEPA for Japan's National Interest; (3) The interlining Interest of JAEPA with the Australia's National Interest; (4) The Interdependence of Japan and Australia; (5) The realization of JAEPA in its implementation for Japan and Australia's Economic Bilateral Trade Relationship; and (6) the benefits of JAEPA for Australia's Economy; (7) and Japan's Economy. The purpose of this chapter is to offer a thorough grasp of the research topics through an in-depth review of the study findings by carefully scrutinizing and providing pertinent facts.

#### CHAPTER V – CONCLUSION AND RECOMMENDATIONS

To conclude the researched question's answers devised in the theoretical framework, the thesis's fifth and final chapter will clarify the conclusion reached from the analytical descriptions in the earlier chapters.