

WHY AUSTRALIA SHOULD SUPPORT A REVIVED TPP

More jobs, higher incomes, lower prices and more choice for consumers – just some of the reasons Australia should back the revived Trans-Pacific Partnership (TPP) trade agreement.

1. Australia's economic gains are substantial

Economic modelling shows the TPP would:

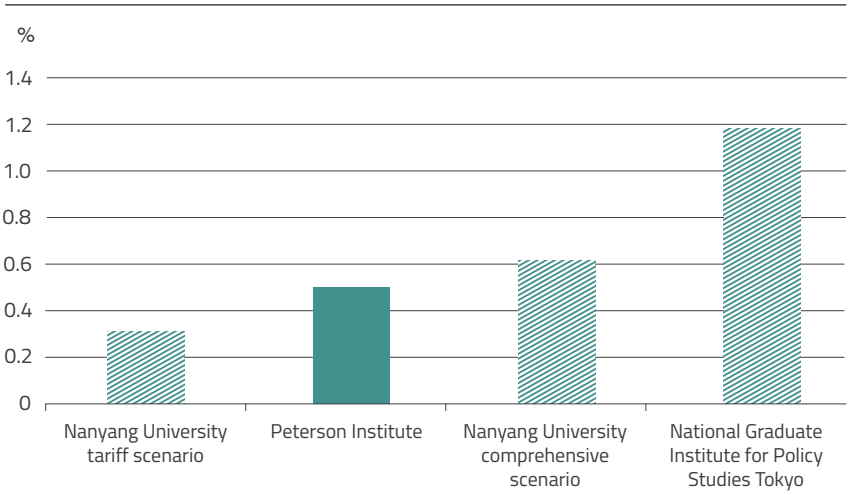
- Boost the value of Australia's exports by $30 billion, or four per cent
- Increase Australia's GDP by $18 billion, or 0.5 per cent.[1]

Higher export earnings translate into more job opportunities in sectors ranging from farming and manufacturing to services and transport. The boost to GDP means higher incomes for Australians. By freeing up trade, the TPP will also contribute to more choice for consumers.

The latest modelling, conducted for the Peterson Institute for International Economics, takes into account the TPP's cuts to tariffs on goods and its reforms to services trade and investment amongst the 11 countries (following the withdrawal of the United States). Other modelling studies find comparable or larger economic benefits for Australia from the 11-member TPP.[2]

Higher export earnings mean more jobs in sectors ranging from farming to services

TPP boost to Australia's real GDP (modelling results)



$30b
Boost to the value of Australia's exports – a 4 per cent increase

$18b
Boost to Australia's Gross Domestic Product – a 0.5 per cent increase

98%
Tariffs eliminated in the TPP region, opening up the flow of trade

$13t
Combined GDP of the 11 TPP nations –13.5 per cent of the global economy

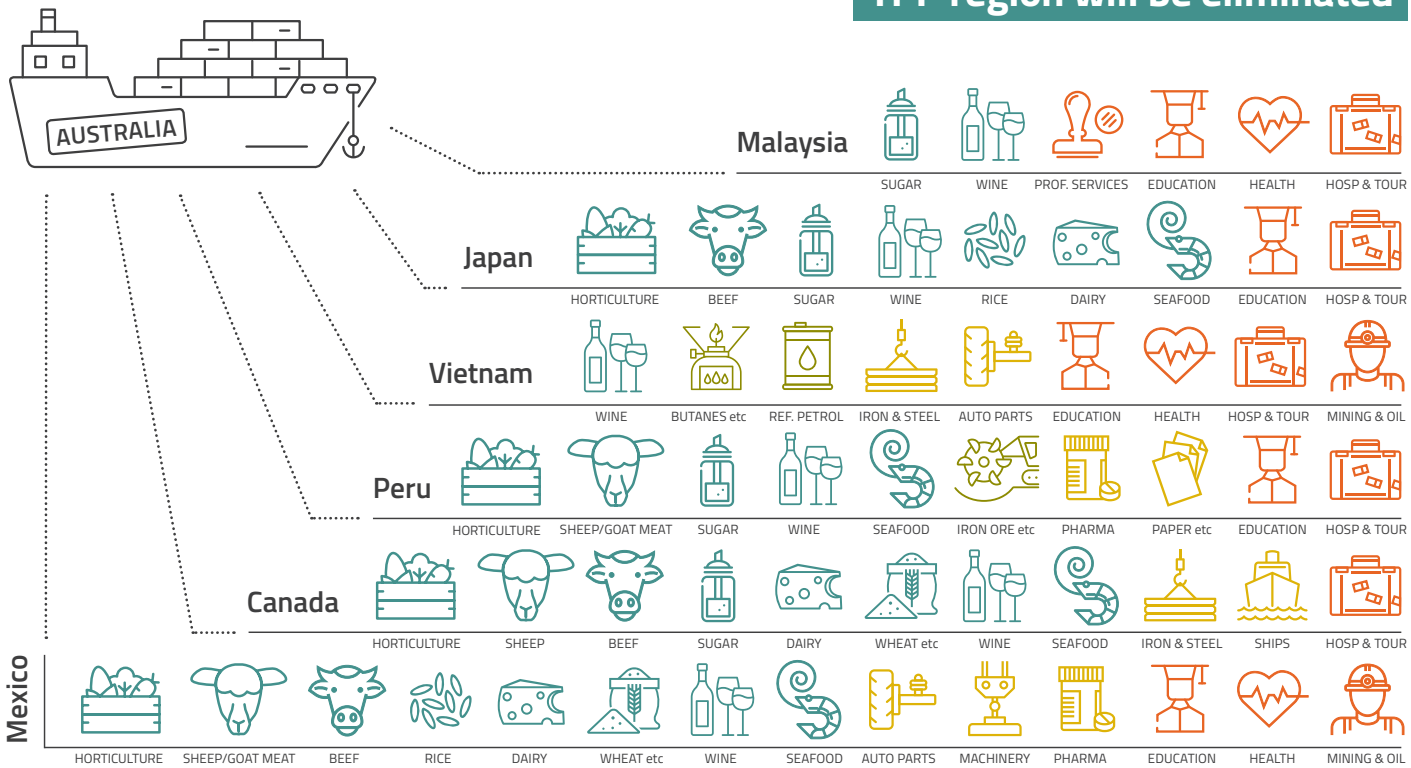


2. Improved access to export markets

Australian manufacturing, agriculture, resources and services industries will secure improved access to fast-growing export markets, including Japan, Canada, Mexico, Malaysia, Peru and Vietnam.

Australian market access gains

More than 98 per cent of tariffs in the TPP region will be eliminated



Agriculture

Beef Tariffs reduced or phased out

Sugar Market access improved

Rice Tariffs phased out

Dairy Preferential access for cheese, butter, milk powder

Wheat, barley, cereals Tariffs phased out

Wine Tariffs phased out, market access improved

Sheep & goat meat Tariffs phased out

Horticulture Tariffs phased out

Seafood Tariffs phased out

Resources & energy

Iron ore, copper, nickel Tariffs phased out

Butanes, propane & LNG Tariffs phased out

Refined petroleum 20% tariffs phased out

Manufacturing

Iron & steel products Tariffs phased out

Automotive parts Tariffs phased out

Machinery & electrical Tariffs phased out

Pharmaceuticals Tariffs phased out

Paper & paperboard Tariffs phased out

Ships Tariffs phased out

Services

Professional services Access for legal, architecture, engineering and surveying

Financial services Cross-border provision of investment advice, portfolio management and insurance for freight transport

Education Access for universities and vocational education providers

Health Greater certainty regarding access

Hospitality & tourism Greater market access and access certainty for travel and tour operators

Mining & oilfield services Will benefit from energy sector and state-owned enterprise reforms



3. The TPP is a high quality, progressive trade deal

Strong and enforceable labour standards

The TPP's labour standards are stronger than those in Australia's existing trade agreements.

TPP countries must maintain laws delivering the rights set out in the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*, including:

- Freedom of association and the right to collective bargaining
- Elimination of forced or compulsory labour
- Abolition of child labour
- Elimination of discrimination in employment and occupation.

In addition to these 'core' labour standards, TPP parties must provide acceptable minimum wages, hours of work, occupational health and safety regulations and access to independent tribunals for enforcing labour laws. These obligations are enforceable under the TPP's dispute settlement provisions.[3]

Trade facilitation

The TPP agreement sets a new standard in trade facilitation with a streamlined Certificate of Origin (CoO)/ Proofs of Origin model which allows preferential treatment based on a CoO completed by the producer, exporter or importer, including in an electronic form.

This will reduce red tape, while maintaining the need to demonstrate evidence of origin. These measures will contribute to a more seamless international trade environment for Australian exporters, importers and logistics service providers.

Barack Obama Former US President[5]

> **"This is the highest standard and most progressive trade deal ever concluded. It includes strong protections for workers... It has provisions to protect the environment..."**

Environmental protection

The TPP includes commitments by member countries to tackle environmental challenges in the Asia-Pacific, including:

- Wildlife trafficking
- Illegal logging
- Illegal fishing
- Unsustainable fisheries management
- Marine pollution
- Biodiversity conservation
- Transitioning to low emissions economies.

The TPP also contains commitments by member countries to implement environmental laws and multilateral environment agreements, such as the CITES Convention on trade in endangered species.[4] TPP environmental obligations are enforceable.

Public policy safeguards

The TPP includes Investor-State Dispute Settlement (ISDS) provisions, which will make it more attractive for Australian businesses to invest abroad while providing safeguards for Australian public policies at home.

TPP investment safeguards explicitly protect Australia's Pharmaceutical Benefits Scheme, Medicare and tobacco plain packaging laws. The safeguards also provide that governments have the right to protect public welfare, health and the environment.

These safeguards mean ISDS cannot be used by foreign investors to challenge social services such as welfare, health, education, public transport and utilities, or measures to support arts, cultural heritage and Indigenous culture.

Affordable medicines

In the original TPP, the US Government secured stronger intellectual property rules for pharmaceuticals, including 'biologic' medicines.

While these provisions would not have affected Australia's Pharmaceutical Benefits Scheme, now that President Trump has pulled America out of the TPP, they have been dropped. This will ensure access to affordable medicines is not affected in any of the TPP countries.



4. The TPP advances Australia's strategic interests

Supporting the TPP will boost Australia's international relationships in the Asia-Pacific.

Japan has played a leading role in reviving the TPP following US withdrawal. Australia's support will strengthen our relationship with Japan and other TPP countries.

Supporting the TPP will also advance Australia's wider strategic interests by furthering regional integration and cooperation in the Asia-Pacific – a fundamental element of Australian foreign policy.

The TPP is a high quality trade deal, going beyond tackling barriers to goods trade to deal with 21st century trade issues like services, investment and labour standards.

A high quality TPP will encourage further regional trade agreements, like the Regional Comprehensive Economic Partnership, and bolster support for future regional and multilateral trade liberalisation.

Australia is a trading nation – 2.7 million Australian jobs rely on trade and trade accounts for 40 per cent of our economy. That means it is in Australia's interests to resist protectionist pressures.

Modelling shows that if countries around the world imposed extra tariffs of just 10 per cent, Australia's economy would contract by 1.4 per cent, risking higher unemployment and lower incomes.[6]

This means supporting the TPP would be a strong statement in favour of international trade and open markets, which are critical for Australian prosperity and for our long-term strategic interests as a nation.

> **Paul Keating**
> Former Prime Minister[7]
>
> **"[A] world in which trade and investment and ideas move freely and openly around... offers the greatest growth prospects to lift the millions of people in the Asia-Pacific who still live in poverty into a better life."**

An initiative of Australia's key industry bodies:

Ai GROUP

Export Council of Australia

appea

Business Council of Australia

Winemakers' Federation of Australia

Australian Food & Grocery Council

National Farmers' Federation

Minerals Council of Australia

FTA Freight & Trade Alliance

FSC Financial Services Council

Endnotes

1. P A Petri, M G Plummer, S Urata and F Zhai, *Going it Alone in the Asia-Pacific: Regional Trade Agreements Without the United States*, Peterson Institute for International Economics, Working Paper 17-10, 2017.
2. P B Rana and J Xianbai, *TPP12 vs TPP11: Gainers and Losers*, RSIS Commentary, No 029, 15 February 2017; K Kawasaki, *Emergent Uncertainty in Regional Integration – Economic impacts of alternative RTA scenarios*, GRIPS Discussion Paper 16-28, National Graduate Institute for Policy Studies, Tokyo, 2017.
3. TPP, Chapter 19, Labour, http://dfat.gov.au/trade/agreements/tpp/official-documents/Documents/19-labour.pdf
4. TPP, Chapter 20, Environment, http://dfat.gov.au/trade/agreements/tpp/official-documents/Documents/20-environment.pdf
5. Remarks by President Obama, Philippines, November 18, 2015, https://ph.usembassy.gov/remarks-president-obama-meeting-trans-pacific-partnership/
6. W McKibbin and A Stoekel, *Some Global Effects of President Trump's Economic Program*, Centre for Applied Macroeconomic Analysis Working Paper 53/2017, August 2017.
7. PJ Keating, *After Words: The Post-Prime Ministerial Speeches*, Allen & Unwin, 2011.