

23 February 2016

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
CANBERRA ACT 2600

Email: jsct@aph.gov.au

Subject: Submission to the Joint Standing Committee on Treaties – Review of TPP Agreement

This submission is made in response to a call for submissions by the Joint Standing Committee on Treaties following the signing by member countries of the Trans-Pacific Partnership Agreement (TPP), and its recent tabling in the Australian Parliament.

Ford Australia, like its parent the Ford Motor Company, is a strong advocate of the principles of genuine, unhindered and fair trade. Ford Australia is supportive of the Trans-Pacific Partnership Agreement as a major step towards the longer term goal of a free trade area across the Asia Pacific region. It believes that properly conceived and executed Free Trade Agreements deliver many real benefits to participants. These include the generation of economic activity with prospects for employment and income growth, the opportunity for expansion into new services and industries, and the potential for exchange of ideas, intellectual property and other cross-border benefits which flow from increased reciprocal trade.

Ford Australia also recognises the comprehensive nature and complexity of this significant Agreement. However, for it to be a truly twenty-first century agreement as intended, it is imperative that clear and enforceable provisions which prohibit currency manipulation through intervention are included. As the 12 TPP-participating countries account for around a quarter of global trade and approximately one third of Australia's total exports, it is critically important that transparent and binding currency manipulation provisions together with appropriate dispute settlement mechanisms and remedies be incorporated. Ford Australia remains concerned that the Agreement is silent on this key issue.

The resulting distortion from currency manipulation practices through intervention to exchange rates has the very real potential to eliminate any market access benefits gained from the agreed removal of import tariffs. The potential impact of currency manipulation on trade competitiveness has escalated significantly in recent years as the traditional barriers to trade – tariffs, import licensing, quotas – have been increasingly removed in developed economies as trade liberalisation has taken hold. Currency now has a substantially higher relative weighting as a trade influencer.

Australia, as a global leader in trade liberalisation, is particularly vulnerable to instances of currency manipulation. There is a high level of risk that its industries can be quickly damaged. It is clearly in the national interest to ensure trade agreements incorporate appropriate and enforceable disciplines to deal with any instances of currency manipulation through intervention. If left unaddressed, currency manipulation has the ability to seriously compromise the economic benefits and outcomes projected to flow to Australia as a result of a concluded TPP Agreement. This includes limiting the opportunity for Australian

businesses to participate in the substantial, valuable global and regional supply chains highlighted in the National Interest Analysis, putting at risk the GDP growth forecasts as modelled by the economic institutions cited in the same analysis.

The TPP's sheer enormity of scope and significance of reach require that this important issue be appropriately addressed for the facilitation of genuine and unhindered future trade opportunities for the member countries – five of which are among Australia's top 10 trading partners – under this historic and comprehensive trade pact.

Ford Australia urges the Australian Government to take a leadership position on currency manipulation to ensure the TPP and all future free trade agreements, as high quality, comprehensive, and genuine twenty-first century agreements, include WTO-compliant provisions to eliminate currency manipulation practices.

Thank you for allowing Ford Australia the opportunity to provide input to this most important review. Please contact the undersigned should further information in relation to any aspect of this submission be required.

Yours sincerely

Ian Mearns
Government Affairs Director