

Coalition senators' additional comments

1.1 The proposed Trans-Pacific Partnership Agreement (TPP) is an ambitious, comprehensive, high standard and balanced agreement which would promote global trade, provide new export opportunities for Australian businesses, increase economic growth and support the creation of jobs in Australia.

1.2 While it is disappointing that the United States has made a decision to withdraw from the TPP, the five years of negotiation has strengthened the links between the participating countries and highlighted the benefits that can be achieved through a modern regional trade agreement for the Asia-Pacific. The extensive dialogue and the agreement reached between Australia and the other participating countries will be a foundation for future trade agreements.

1.3 It is indisputable that trade delivers more opportunities for business and more jobs. The submissions to the inquiry made clear that Australia benefits when there is a well-regulated, fair and liberalised environment for trade. Submissions from industry and businesses highlighted how tariff reductions would increase economic activity, investment, production and create employment. Australian service providers were eager to access new opportunities to expand into overseas markets. Consumers would also benefit from increased choice and consumer protections. Already the benefits for Australian businesses and employees are evident as a result of Australia signing free trade agreements with Japan, South Korea and China in recent years. This has been underlined by recent record trade results for Australia.¹

1.4 As a middle-ranking open economy, Australia is more dependent on trade than many others. However, Australia is fortunate to be located in a region where an increasing proportion of global trade is occurring. Coalition senators firmly believe that increasing trade and opening the door to new markets will be vital to Australia's future economic prosperity.

1.5 It is important that the Australian Government keeps advocating for free trade and maintains its commitment to make new trade agreements in Australia's national interest. For example, in October last year, Minister Ciobo, with his Singaporean counterpart Minister Lim Hng Kiang, signed an Agreement to Amend the Singapore-Australia Free Trade Agreement.² Further opportunities exist to expand Australia's trade with Mexico, Chile, Peru and Canada in addition to countries in Asia through a regional trade agreement. In this context, Coalition senators encourage the Australian Government to work towards a regional trade agreement for the Asia-Pacific which

1 The Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment, 'Record trade results for Australia', *Media release*, 2 February 2017.

2 The Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment, 'Singapore-Australia Free Trade Agreement', *Media release*, 13 October 2016.

will benefit Australia and support Minister Ciobo's recent efforts to engage with his counterparts to 'lock in the benefits' of the TPP negotiations.³

1.6 Coalition senators note that pursuing a broad regional trade agreement continues to have the support of Australian business and farm groups. For example, National Farmers Federation Chief Executive, Mr Tony Mahar, has said the benefits of the landmark deal were too significant for Australia's farming sector to give up. He stated that the opportunities presented by the TPP had the potential to be 'transformational' for Australia's export sector with gains for commodities across-the-board including red meat, dairy, fruit and vegetables, cotton, wool, sugar, grain and seafood. He noted that while it would be preferable for the United States to be a participating country 'the most significant gains for Australia lie with the deals struck with Japan, Mexico, Argentina and Canada'.⁴

1.7 Similarly, the wine sector has urged that Australia 'must do everything in our power to ensure the agreement comes into force'. Mr Tony Battaglione, Chief Executive of the Winemakers Federation of Australia (WFA), considered that there were potentially 'tremendous' opportunities for the wine sector and 'the promise of wealth creation in regional Australia as well as to the national economy'. He observed that the deal struck was the first agreement to specifically address significant nontariff trade barriers restricting export growth and that it would provide a template for future agreements. He stated:

...WFA has called on all parties to get behind the Free Trade agenda. The worst thing for the prosperity of the Australian people will be to embrace protectionism. We need strong export growth and trade liberalisation through Free Trade Agreements is key to our success.⁵

1.8 The Chief Executive Officer of the Export Council of Australia (ECA), Ms Lisa McAuley, has noted that 'Australia simply cannot afford to go backwards on trade'. The ECA 'stands behind the Australian government's focus to pursue an alternate agreement under the TPP framework'.⁶ She stated:

In the current international environment, the lack of support for agreements such as the [TPP] from the new US administration does not have to mean the end of the agreement. Rather, this can present a new opportunity for Australia and other like-minded nations to take the lead on creating new

3 The Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment, 'Trans-Pacific Partnership Agreement', *Media release*, 22 January 2017.

4 National Farmers' Federation, 'No white flag on TPP as Trump prepares to assume White House', *Media release*, 20 January 2017.

5 Winemakers' Federation of Australia, 'Wine Sector gets behind TPP Agreement', *Media release*, 23 January 2017.

6 Ms Lisa McAuley, Export Council of Australia, 'International trade makes the world go round-Australia cannot afford to go backwards', *Dynamic Export*, 25 January 2017, available at: <http://www.dynamicexport.com.au/export-market/articles-export-markets/International-trade-makes-the-world-go-round-Australia-cannot-afford-to-go-backwards/> (accessed 1 February 2017).

market openings for our companies, and ensure the jobs and prosperity of tomorrow are as secure as possible. Australia must therefore continue to pursue new liberalising trade deals, as well as other international agreements that prioritise the interests of prosperity-creating SMEs.⁷

1.9 The peak sugarcane farming group, Canegrowers has outlined that the withdrawal of the United States from the TPP has meant that an improved framework for selling sugar in the Asia-Pacific has been lost for the foreseeable future. It has urged the Australian Government to continue to work to close a TPP deal with the remaining participating countries. Further, it has commented that there is now more significance to 'the other avenues Australia is negotiating for improved trade access – a stronger deal with China, the Asia-focused Regional Cooperative Economic Partnership and free trade agreements with the European Union and United Kingdom'.⁸

1.10 Coalition senators recognise that it is the responsibility of the Australian Government to take the next steps in relation to strengthening Australia's trade relationships with the participating countries. In the future, this may include the introduction of implementing legislation as a strong signal of support to our major trading partners for a broad regional trade agreement. In this context, it is important that the bipartisan support for trade and open markets which has existed in Australian politics for decades is maintained. It is vital that there continues to be clear statements from all sides of politics that Australia rejects protectionism and encourages open trade within our region.

1.11 Coalition senators support the recommendations made by the Joint Standing Committee on Treaties (JSCOT) in assessing the TPP. In particular, that the Australian Government consider possible reforms to two specific areas of the treaty-making process:

- changing the approach to free trade agreement negotiations to permit security cleared representatives from business and civil society to view the Australian Government positions being put as part of negotiations; and
- the provision of independent modelling and analysis of proposed trade agreements to JSCOT.

If undertaken, these will be significant reforms to the treaty-making process and will require careful assessment.

7 Ms Lisa McAuley, Export Council of Australia, 'International trade makes the world go round-Australia cannot afford to go backwards', Dynamic Export, 25 January 2017, available at: <http://www.dynamicexport.com.au/export-market/articles-export-markets/International-trade-makes-the-world-go-round-Australia-cannot-afford-to-go-backwards/> (accessed 1 February 2017).

8 Canegrowers, 'Trade push continues despite USA TPP setback', *Media release*, 24 January 2017.

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