

Labor Senators—Additional Comments

1.1 This is now the third inquiry into the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) which has been conducted in this term of Parliament.

1.2 Two earlier inquiries were conducted into the original Trans-Pacific Partnership Agreement (TPP) in this term of Parliament and inquiries were also commenced in the last term before both houses of Parliament were dissolved due to the double dissolution election called by former Prime Minister Malcolm Turnbull.

1.3 According to the Centre for International Economics (CIE) one in five Australian jobs is linked to trade. That means 2.2 million Australians work in a trade-related job. 67 per cent of mining jobs and 41 per cent of manufacturing jobs are trade-related. It concludes that increasing exports will typically lead to an increase in jobs.

1.4 Increasing exports also increases wages. The work undertaken by the CIE shows that the action undertaken by the Hawke and Keating Governments to rip down tariff walls has put almost \$8,500 in the pocket of every Australian family it would otherwise not have.

1.5 The CPTPP is a new, different agreement to the TPP signed in New Zealand in February, 2016. The original agreement included 40 per cent of the world's GDP whereas the CPTPP including only 13 per cent. The CPTPP also suspends 22 provisions of the original TPP and features additional side letters, including ten new side letters between Australia and other signatories alone.

1.6 Independent economic modelling of the finalised CPTPP has been conducted by Grant Thornton on behalf of the Victorian Government. This independent economic modelling indicates that this agreement will deliver modest economic benefits in the short term and more significant economic benefits in the longer term if more countries sign up to this agreement.

1.7 Previous inquiries have raised some concerns about this agreement. Labor members of this committee are primarily concerned that the CPTPP waives labour market testing for 'contractual service suppliers' for six signatory countries and includes Investor State Dispute Settlement mechanisms (ISDS).

1.8 It is important to note that the two bills this committee considered implement only the tariff changes related to the CPTPP. These bills do not deal with the other commitments that the Australian government has made in the CPTPP.

1.9 The Shadow Trade Minister has committed that a future Shorten Labor Government will remove existing ISDS clauses and waiving of labour market testing for contractual service suppliers from this and other existing agreements through the use of side letters.

1.10 This is possible and has been confirmed by the former Trade Minister publicly. It was also done by the New Zealand Labour Government, which used side letters to remove ISDS provisions with four countries between the collapse of the TPP

and the establishment of the CPTPP under new Prime Minister Ardern. These countries were Brunei, Malaysia, Peru and Vietnam.

1.11 Since the commencement of this inquiry the Shadow Trade Minister has also announced a number of policy reforms which would fix the problems of this agreement and stop these mistakes being made in future agreements. These include:

- Prohibiting the waiver of labour market testing;
- Prohibiting the inclusion of ISDS mechanism;
- Strengthening the role of the Parliament by briefing the Joint Standing Committee on Treaties at the end of each round of negotiations and providing it with the Government's Statement of Objectives for Negotiation for consideration and feedback;
- Legislating to establish a system of 'Accredited Trade Advisors' from industry, unions and civil society groups who would provide real time feedback on draft trade agreement text during negotiations;
- Providing public updates on each round of negotiations and releasing draft texts during negotiations where this is feasible; and
- Legislating to require an Independent National Interest Assessment to be conducted on every new trade agreement before it is signed to examine the economic, strategic and social impact of any new trade agreement.

1.12 The Parliament will soon consider a private member's bill in the House and the Senate which would implement a number of Labor's new policy commitments and stop the mistakes of the CPTPP being repeated. Labor members of this committee urge all members of Parliament to vote in support of that bill.

Senator Louise Pratt

Deputy Chair