

21 January 2021

Committee Secretary

Joint Standing Committee on Foreign Affairs, Defence and Trade

PO Box 6021

Parliament House

Canberra ACT 2600

Dear Committee Secretary,

RE: PARLIAMENTARY INQUIRY INTO EXPANDING THE MEMBERSHIP OF THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP)

TL Corporation Pty Ltd strongly supports the expansion of the Trans-Pacific Partnership (TPP) and views that Taiwan's inclusion in the CPTPP will have significant business interests for both Australia and Taiwan.

In the past three years, the total GDP of CPTPP members has reached AUD \$3.2 trillion and Taiwan has strong bilateral trade and investments with all 11 members, whom account for more than one-fifth of Taiwan's total exports and approximately 30% of total imports. In 2019, 31% of Taiwan's accumulated outbound investment destination were to CPTPP members while inbound FDI from CPTPP members consisted of 20.6% of Taiwan's total FDI. Vietnam, Singapore, and Australia were the top three CPTPP destinations for Taiwanese investment, whilst Japan and Australia invested more in Taiwan than any other CPTPP Members.

In 2019, Australia's total investment in Taiwan was AUD \$16.9 billion (being an increase of 66% year-on-year), whilst Taiwan's total investment in Australia was AUD \$10.4 billion. Whilst Taiwan is Australia's 9th largest export market, there is a forecast growth of 13.4% over the next five years. Taiwan is currently Australia's 12th largest two-way trading partner with a forecast of 9.9% growth over five years. Australia is Taiwan's largest source of coal, iron ore and LNG and continues to be a major exporter of agricultural products to Taiwan with the most important items being meat, wheat, dairy products, and sugar, making Taiwan a very important

export market not just for Australian agricultural and mineral products, but also education as well.

Annually, more than 20,000 young people from Taiwan come to Australia under the reciprocal Working Holiday Maker (WHM) program – the fifth highest, and Australia is Taiwan's second largest destination for students studying overseas. Taiwan is looking to attract, develop and retain more highly-skilled workers and is focusing on job-ready skills through collaboration with Australia on VET standards and looking to up-skill its labour force, creating opportunities for education exports and partnerships. Taiwan has already adopted over 300 Australian VET competency standards.

To increase the use of the English language, Taiwan has also announced the Bilingual 2030 policy and encourages English-language education at schools and also by providing more information and services in English. This will provide opportunities for English-language education services. Australia is and will remain a preferred education destination after COVID-related restrictions ease.

Australia is Taiwan's largest energy supplier and Taiwan is Australia's fifth largest resources and energy market. Massive investment in offshore wind projects such as Macquarie Group's 50 percent stake in Formosa 1 will kick-start Taiwan's offshore wind-generated power. Taiwan aims to increase electricity generated from renewable power to 20% in 2025, being an increase of more than 15% from 2016, thereby reducing Taiwan's reliance on coal and becoming nuclear-free.

In-line with Taiwan's New Southbound Policy, Taiwan's national petroleum, natural gas, and gasoline company, CPC Corporation acquired an equity stake in Shell's FLNG project at the Prelude national gas field, completing its first ever shipment in November 2018 with great success and results in a significant expansion of LNG receiving and distribution facilities in the near future.

Australia and Taiwan's industrial structures are highly complementary, which has led to an industrial relationship of mutual cooperation rather than competition. Australia has comparative advantages in supplies of raw material, while Taiwan's specialty is manufacturing, market development, and the application and commercialisation of technology. The rampant coronavirus (COVID-19) has disrupted global supply chains, a situation that highlights the risk

of over-reliance on a single market. Taiwan's inclusion in the CPTPP will help in diversification of markets for both sides, make supply chains more resilient, and create back-up facilities.

In 2018, Taiwan was number one in the world for custom integrated circuit fabrication with a global share of 71.8% and was world number two in the production of personal navigation devices, holding a 39.11% global share. It ranked 4th in the world out of a global survey of 140 countries in the Global Competitiveness Report conducted by the World Economic Forum, and in 2019, ranked 13th out of 190 economies in the World Bank's Ease of Doing Business Index. Despite the fact that Australia and Taiwan share many values and have common interests, the full potential of a bilateral relationship has not yet been realised. Given the more uncertain strategic and economic outlook, now is the time for Australia and Taiwan to build the foundation for a deeper relationship.

There is considerable scope for Australia and Taiwan to work together to further diversify our economies and make them more resilient in a post-COVID-19 world, as with Taiwan's inclusion in the CPTPP, for example, would allow Australia to leverage off Taiwan's strengths in many manufacturing areas and Taiwan to enjoy Australia's strengths in many service sectors in their respective efforts to achieve a stronger and more diversified economies.

TL Corporation would like to take this opportunity to highlight the urgency of establishing comprehensive institutional bilateral and multilateral arrangements with Taiwan as well as pursue Australian strategic and economic interests in the Indo-Pacific region with understanding that this will provide significant new opportunities for Australia exporters, importers, and investors engaging in international business.

Yours sincerely,



Director

TL Corporation Pty Ltd