

Committee Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
PO Box 6021  
Parliament House  
Canberra ACT 2600

2 February 2021

Dear Committee Secretary,

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

As the Commissioner in Sydney of the Overseas Community Affairs Council, ROC (Taiwan), a Taiwanese Community leader in Sydney as well as a veteran Australian entrepreneur winning Australia Design Award, I welcome the community's interest in expanding the membership of the CPTPP, and I strongly advocate Taiwan's participation in this selective trade integration.

Innate factors of resource endowments, geographic proximity and seasonal and sectorial complementarity have cultivated a long and robust economic relation between Australia and Taiwan. Since the establishment of direct flight in 1991, bilateral trade has increased from 3 billion USD to 13.3 billion USD in 2019. Despite the gloom of the pandemic, Australia remains Taiwan's 10th largest trading partner, 8th biggest importer. Taiwan in return, is Australia's 11th largest trading partner, 6th major export destination. Potential trade benefits can be achieved through a higher quality economic integration, and Taiwan's willingness and capability to meet CPTPP's high standard should be noted. It is also worth noting that Taiwan is the only major trading partner that Australia do not share a Free Trade Agreement (FTA) or Regional Trade Agreement (RTA) with.

Bilateral investment has also picked up speed in recent years, Taiwan's investments in Australia has increased over 10 folds during the past decade. Most of the capital has initially flowed towards mining and energy sectors, but in recent years, more investments are expanding to retail and food industries. There are currently 10 Taiwanese banks in Australia, 8 of which have set up branches or offices in Sydney. There are also over a dozens of Taiwanese food brands in Australia. On the other end, Australian investments has also played a crucial role in Taiwan's energy sector, of which, Macquarie Capital is a major investor in Taiwan's offshore wind farm, and the Australian based Asian team of BlackRock is also overseeing the Fund's investment in Taiwan's solar energy. As CPTPP establishes a transparent and comprehensive investment guideline among its member, Taiwan's accession would enhance the already growing bilateral investment between Australia and Taiwan.

Taiwan's deep integration within the global supply chain and multilateral trading system have behoved its government to adapt freer trading standards and improve the country's overall business environment. Results could be seen from Taiwan's impressive ranking in the 2019 Index of Economic Freedom (10<sup>th</sup>) and the 2019 WEF Global Competitiveness Report (12<sup>th</sup>). Taiwan is also one of the top 4 innovating countries according to WEF assessments, placing it in the same tier with US, Germany and Singapore. Taiwan's advocacy for free trade and market economy align with Australia's values and those of the CPTPP.

Taiwan is located at a critical position in Indo-Pacific, while Australia is playing a very important role to hold the prosperity and safety in this area. Taiwan's joining CPTPP will benefit both countries' cooperation and assist both countries bring more positive contribution to the area.

Supporting Taiwan which as a country embraces the value of freedom, democracy and human rights would serve to advance those universal value.

Australia's support of a stronger Taiwan will enable Taiwan to contribute globally in many aspects.

Outbound tourists from Taiwan annually is over 10 million, but only a fraction of that number comes to Australia. Once Taiwan joins CPTPP it would bring about tremendous potential for Australia.

For the past 4 years, Taiwan has carried out the 5+2 Innovative Industries Program, developing Taiwan's core competitiveness in 7 flagship projects, including smart machinery, Asia Silicon Valley, green energy, biomedicine, national defence, new agriculture and circular economy. This year, in accounting the effects of the pandemic and the geopolitical situation, Taiwan has launched the Six Core Strategic Industries, building on the foundation of the 5+2 Innovative Industries Program, and further integrating cyber security and strategic stockpile industries to policy focal points. Such sectors are complimentary to Australia's goal of achieving supply chain resilience and Modern Manufacturing Initiative (MMI), and taking account of the current geopolitical dynamism, a stronger supply chain integration between Australia, Taiwan and the rest of the CPTPP members, serves a broader strategic purpose.

Needless to say, a bilateral or regional economic integration would be in the favour of both Taiwan and Australia, as well as the rest of the incumbent CPTPP members. Studies from think tanks across US, Canada, Mexico and Taiwan have shown Taiwan's inclusion to the CPTPP would increase the incumbent members GDP growth, and the benefit of trade diversification will be even more apparent due to the fact that Taiwan do not have FTAs with most of the members, including Australia.

Australia and Taiwan are like-minded in values and complementary in nature. Australia and Taiwan share a robust and extensive economic relationship built on benevolence and reciprocity of market economy. As we head into the second decade of the 21st century, unprecedented factors are reshaping the global environment as we know. Such has caused disruption on many aspects, yet also opened windows of opportunities for Australia and Taiwan to pursue closer collaboration. I encourage the Committee to take such factors into consideration and be forward-looking of the opportunities that lie within.

Yours Sincerely,

Paul Lin

Honorary President, Australian Taiwanese Friendship Association

Commissioner, Overseas Community Affairs Council, ROC (Taiwan)

