

Edward Chi-Ping LIN

BE, GCAA, GDipEd, MBA, MPhil

President, World Arts & Multi-Culture Inc.

Deputy Secretary General, Queensland Federation of Taiwanese Associations

Coordinator (Honorary), Overseas Community Affairs Council, Taiwan

63 Woodcrest Way

Springfield

Queensland 4300

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[REDACTED]

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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)**

As a loyal Australian citizen and an active member of Taiwanese community in the Greater Brisbane area, I strongly support Taiwan to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) as which is a pragmatic economic move and obviously serves interests of Australia.

Here are six arguments for Australia to welcome Taiwan:

**(1) Inviting Taiwan builds on existing momentum in bilateral relations:** Taiwan is already Australia's 12<sup>h</sup> largest two-way trading partner and the 9<sup>th</sup> largest export market. In 2019, Australia's total investment in Taiwan was AUD \$ 16.9 billion, whilst Taiwan's total investment in Australia was AUD \$ 10.4 billion. Australia is Taiwan's largest source of coral, iron ore and LNG and continues to be a major exporter of agricultural products to Taiwan with the most items to be meat, wheat, dairy products, and sugar, making Taiwan a very important export market not just for Australian agricultural and mineral products, but also educations as well. Both trade and investment can be increased rapidly under the lower tariff regime of the CPTPP.

**(2) Taiwan is already a major economy in the region:** The Taiwanese economy is already well integrated into the Indo-Pacific, which is a priority for Taiwan under its New Southbound Policy. If Taiwan were a member of the CPTPP, it would be its 5<sup>th</sup> largest economy. Taiwan already gets about 30 percent of its imports from CPTPP members and sends 20 percent of its exports to those economies. Taiwan, along with Korea, New Zealand and Australia, is classified by the IMF as an advanced economy. It makes no sense to exclude it from an important trade agreement. In fact, we must recognise the opportunity costs we pay by excluding such a large economy. It would be mutually beneficial to Taiwan and existing CPTPP members if those import and export numbers could be increased by even just 10 percent.

**(3) Taiwan is an attractive market for Australia:** According to the IMF World Economic Outlook, Taiwan had a GDP per capital of US\$25,450 in April 2019. In purchasing power parity, Taiwan's GDP per capita of US\$55,240 is higher than South Korea, Japan, Canada, and even Australia. Taiwan's population of 23 million people thus represents a large potential market for Australian consumer goods and services. It is an attractive potential and actual market for such Australian companies as ANZ, Macquarie, CPA Australia, Fonterra (Dairy for life), Blackmores, TAE Aerospace and others.

Taiwan, however, has some 363 non-tariff measures in force and barriers to agricultural imports. Taiwan, if it joins the CPTPP and increases imports of agricultural products, would provide millions of eager consumers for Australian crops, meat, dairy, energy products, and seafood. Taiwan's accession to CPTPP, which will require further opening of Taiwan's markets, will facilitate the entry of Australian businesses into Taiwan. It will also make it easier for Australian companies to bid for government procurement contracts in Taiwan. This all contributes to economic growth and employment in Australia.

**(4) Taiwan has products and services we need:** As the Australian economy transitions from natural resources to Artificial Intelligence (AI) and other information sectors, we need close cooperation with global leaders in these fields. One company alone, the Taiwan Semiconductor Manufacturing Company (TSMC), is the world's largest semiconductor foundry. Taiwan is second only to the United States in semiconductor production. As a proven contributor to the global production chain, Taiwan's expertise in IT and other high-tech areas can contribute to Australia's prosperity. Taiwan's accession to the CPTPP would allow it to do so at lower cost to Australian businesses. It will also allow Taiwanese companies to bid for government procurement contracts in Australia, allowing the Australian federal and provincial governments to benefit from Taiwanese innovation.

**(5) Taiwan is a safe investment and trade destination:** Taiwan ranked 10<sup>th</sup> in the Heritage Foundation's 2019 Index of Economic Freedom, well above regional and world averages. The rule of law in Taiwan includes a well-developed commercial code, strong property rights,

and an independent judiciary. Taiwan's free and business-friendly environment helps explain why there are more than 50,000 Australians living in Taiwan. As Australians become more aware of the risk of doing business in jurisdictions without high standards of rule of law, property rights, and personal freedoms, Taiwan becomes an even more attractive alternative. We should make it even easier to do business with Taiwan.

**(6) Taiwan is a partner for shared values:** Taiwan shares with Australia a commitment to freedom, democracy, and human rights. Taiwan is also a strong partner for environmental stewardship, labour rights, and progressive issues such as Indigenous and LGBTQ rights. Taiwan can help a promote global initiatives in these areas. Membership in the CPTPP will also provide Taiwan with new tools to address its own challenges, such as facing down recalcitrant members of the globalized fishing industry who violate labour or over fishing norms under Taiwan's flag.

I would like to take this opportunity to highlight the urgency of establishing comprehensive institutional bilateral and multilateral arrangements with Taiwan, as well as pursuing Australian strategic and economic interests in the Indo-Pacific region with understanding that this will provide significant new opportunities for Queensland's exporters, importers, and investors engaging in international business. We urge Queensland's as well as Australia's support to Taiwan to join the CPTPP.

Your faithfully,

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Edward C.P. Lin