

Inquiry into expanding membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership
Joint Standing Committee on Foreign Affairs, Defence and Trade - Defence Sub-committee

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This submission addresses the Committee's consideration of the potential for "new members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the case for their accession based on Australia's national interests". The inquiry is located in the CPTPP Agreement which explicitly welcomes "the accession of other States or separate customs territories" to the Agreement. Thus, Australia acknowledges both that the CPTPP is in Australia's national interests and that its interests could be strengthened by including new members. We write this submission to support consideration of the Republic of China (Taiwan), one of the several countries that have expressed interest in acceding to the CPTPP Agreement. Regardless of how the Committee might wish, or need, to characterise the country, we believe that it is in Australia's national interest to support Taiwan's accession.

We note that Taiwan itself believes that, through accession, it will be able to contribute actively to the objectives of the CPTPP. Significantly, Taipei has demonstrated this commitment by [taking steps](#) during 2020 to achieve the necessary degree of compatibility to meet CPTPP aims and contribute to them positively in future. In this way Taiwan has already shown it is willing to accept one of the key elements of the Committee's TOR to reinforce "the values, rules and norms of the CPTPP".

This submission does not seek to make the economic case for Taiwan's accession. While we accept that the economic arguments are *sine qua non*, we believe that this case has been made. The Government of Australia has already made the case that Taiwan substantially meets the economic criteria required by the Committee's terms of reference for serious consideration. DFAT [acknowledges](#) that Taiwan is "important trading partner for Australia" being our sixth largest trading partner (well in front of most of the current CPTPP membership). Indeed, it was recognition of this mutual economic importance that made Taiwan a serious candidate for a free trade agreement (FTA) as recently as 2018.

Unfortunately, it has been argued that political considerations trumped economic viability and the proposal for an FTA with Taiwan was abandoned due to pressure in 2018 [from the PRC](#). This external intervention was even more unfortunate in that, insofar as the reports were true, it cut across an important part of the Committee's current TOR. The FTA with Taiwan was being advanced precisely because it was in Australia's national interests to have closer economic relations with Taiwan. Thus, arguably, retreating from the proposal in deference to another state's national interest was done at the cost of our own national interest.

We argue that it remains in Australia's national economic national interest to develop closer economic ties with Taiwan. Therefore, some appropriate means to secure this objective should be found. The proposed FTA would still be the most direct and effective bilateral way of achieving this if it were possible. In the event that it appears not to be, we believe Taiwan's membership in the CPTPP should be considered as an appropriate multilateral vehicle for pursuing closer economic relations with Taiwan. Thus, in this submission we focus on the political and security advantages that would make meeting the non-economic challenges worth the presumed risks that halted the FTA initiative.

There are at least three layers to assessing the politico-strategic risks in endorsing Taiwan's accession to the CPTPP Agreement:

- The nature of the CPTPP
- The multilateral vs the bilateral
- The experience in recent years of the PRC's nationalist approach to international economic rulemaking and order.

The CPTPP Agreement is less firmly rooted in doctrinal sovereignty as a basis for economic cooperation than an FTA is. The language of the CPTPP Agreement allows for non-state accession (i.e., "separate customs territories"). Since Taiwan is a full member of the WTO, if necessary, it could use its WTO name to accede to the CPTPP Agreement consistent with Article XXIV of the WTO pact. The similar point could be made of Taiwan's membership in APEC (which it joined in 1991 along with the PRC and Hong Kong).

Elements of these arrangements can be seen in the way all the current members of the CPTPP have formalised economic ties with Taipei through reciprocal "trade offices" (under various names). In some cases, there is even a continuing shadow embassy with ancillary consulate arrangements for more important trading ties (Australia, Canada, Japan, US and Vietnam). It may be particularly relevant here that Taiwanese trade with the PRC is so extensive and important that Taipei has virtually as many trade offices in the PRC as there are currently members of the CPTPP.

The multilateral nature of the CPTPP offers the security of a collective, shared responsibility for any decision made regarding Taiwanese accession. This has been an important element for [Canada](#) in its arguments for supporting Taiwanese accession. Moreover, as New Zealand, the depositary state for the CPTPP Agreement, [notes](#), like other signatories to the CPTPP, New Zealand enjoys membership in a number of multilateral arrangements along with Taiwan such as "APEC, the World Trade Organisation (WTO), a number of fisheries conventions and the Asian Development Bank". New Zealand itself concluded a special trilateral trade agreement with Taiwan and Singapore 2013. Unlike the RCEP, where Beijing was able to directly [prevent Taiwan](#) from joining from within the association, the PRC is not currently a signatory to the CPTPP.

The last two years, in particular, have demonstrated that it is very much in Australia's national interest to strengthen the international economic rules regimes to ensure these remain free, open and robust. Taiwan can help aspects of the Committee's terms of reference through:

- committing to similar high standards;

- promoting issues relevant to the values, rules and norms of the CPTPP; and
- enhancing the role of the CPTPP as a vehicle for economic collaboration and cooperation.

The PRC's aggressive approach to economic and diplomatic relations has impacted heavily on Australia specially in recent years. Significantly, for building a coalition of states with the same rules-based values through the CPTPP, the Australia and China free-trade agreement has not inhibited China from taking punitive economic action against Australia whenever it perceives a slight. Indeed, while we do not consider the case of China's interest in joining the CPTPP in this submission, there is justified scepticism regarding the PRC's commitment to the economic reforms required for membership, especially around SOEs, industrial subsidies and forced labour. The PRC's more pugilistic stance in the South China Sea and abuse of human rights in Hong Kong and Xinjiang have raised broader concerns regarding the PRC as a good international citizen across an increasing share of the global community.

To conclude, we argue that strengthening the economic coalition of states committed to the broader set of rules helping to maintain a free and open Indo-Pacific is very much in Australia's national interest. By including Taiwan in the CPTPP, Australia will be contributing to this broader regional objective while meeting some critical economic interests. For a significant range of reasons, promoting the accession of Taiwan to the CPTPP Agreement deserves the Committee's serious consideration and, ultimately, we believe, the Committee's support.