



# 大洋洲台灣商會聯合總會

TAIWANESE CHAMBERS OF COMMERCE IN OCEANIA

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5<sup>th</sup> of January 2021

Committee Secretary

Joint Standing Committee on Foreign Affairs, Defence and Trade

PO Box 6021

Parliament House

Canberra ACT 2600

Dear Committee Secretary

## **Parliamentary Inquiry on the Merits of Expanding the Membership of the Trans-Pacific Partnership Trade Agreement (TPP)**

The Taiwanese Chambers of Commerce in Oceania (TCCO), consisting of the Taiwanese Chamber of Commerce in Australia (TCCA), the Australian Taiwanese Chamber of Commerce Queensland Inc (ATCCQ), the Melbourne Taiwanese Chamber of Commerce (MTCC) and the Taiwanese Chamber of Commerce Western Australia (TCCWA), the Australian Taiwanese business community strongly support the expanding of the TPP membership.

The ANZTEC agreement between Taiwan and New Zealand, entered into force in December 2013, has demonstrated the potential benefits. Australia has signed or has been negotiating bilateral trade and economic agreements (ECAs) with all but one of Australia's top ten export markets—Taiwan, let alone institutional arrangements under multilateral ones. Taiwan has strong bilateral trade and investment relationship with CPTPP Members. In the recent three years, about 21% of Taiwan's total exports are to CPTPP Members and approximately 30% of our total imports come from CPTPP Members. In 2019, 31% of Taiwan's accumulated outbound investment destination were 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. Japanese and Australia investors invested more in Taiwan than other CPTPP Members.

The Taiwanese business community in Australia views that Taiwan's inclusion in the CPTPP and the realization of an Taiwan-Australia ECA have significant business interests for both Australia and Taiwan.

Australia and Taiwan have enjoyed prosperous economic and trade relations and are natural partners as fellow liberal democracies. Australia is Taiwan's largest source of coal and iron ore. Meanwhile, Taiwan imports vast quantities of beef, dairy products, wheat and sugar, making Taiwan a very important export market for Australian agricultural and mineral products, as well as for education and tourism. Taiwan-made ICT products and bicycles are well received by Australian customers as GIANT taking the top brand in Australian bicycle market.

Despite the fact that Australia and Taiwan share many values and have common interests the bilateral relationship has not yet realized its full potential. Given the more uncertain strategic and economic outlook now is the time for Australia and Taiwan to build the foundation for a deeper relationship through negotiating an Australia-Taiwan Economic Cooperation Agreement (ECA) or/and the inclusion of Taiwan in the TPP.

The industrial complementarity between our two economies can establish stable and comprehensive supply chain, which helps diversification of markets and alleviate risks. 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 fundamental research and supplies of raw material, while Taiwan's niche lies in manufacturing, market development, and the application and commercialization of technology. As such, Taiwan's strengths make it an ideal partner for Australia in the Indo-Pacific region. The rampant coronavirus (COVID-19) has disrupted global supply chains, a situation that highlights the risk of over-reliance on single market. The ECA or Taiwan's inclusion in the CPTPP will help diversification of markets for both sides, make supply chain more resilient, and create back-up facilities.

There is considerable scope for Australia and Taiwan to work together to further diversify their economies and make them more resilient in a post-COVID-19 world. The stronger cooperation made possible by an ECA or Taiwan's inclusion in the CPTPP would, for example, allow Australia to leverage off Taiwan's strengths in many manufacturing areas and Taiwan to leverage off Australia's strengths in many services sectors in their respective efforts to achieve stronger more diversified economies.

An ECA or Taiwan's inclusion in the CPTPP will create better conditions for Australia to access Taiwan's market. Australia has been Taiwan's second largest source of beef for years, only next to the U.S. The ECA will definitely boost its market shares even more significantly in Taiwan like what happened to New Zealand's agricultural produce. Regarding energy and mineral products, Australia is the biggest metallurgical coal and iron-ore supplier in the world; and Australia is Taiwan's largest source of coal and iron-ore imports, comprising 56% and 69 %, respectively. With respect to services which accounts for 62% of Taiwan's GDP, Australia can take advantage of the significant purchasing power in services of Taiwan's population of 23 million. In addition, Australia can leverage Taiwan's open and transparent political and economic systems to further expand its services industry.

The Taiwanese business community in Australia would like take this opportunity to highlight the urgency of establishing comprehensive institutional bilateral and multilateral arrangements with Taiwan and pursue Australian strategic and economic interests in the Indo-Pacific region.

Your faithfully,

Taiwanese Chambers of Commerce in Oceania (TCCO)

Taiwanese Chamber of Commerce in Australia (TCCA)

Australian Taiwanese Chamber of Commerce Queensland Inc (ATCCQ)

Melbourne Taiwanese Chamber of Commerce (MTCC)

Taiwanese Chamber of Commerce Western Australia Inc (TCCWA)