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FORMER MINISTER FOR TRADE

Ministerial Statement: The Trans Pacific Partnership

Australia to join efforts to promote free trade in the Asia Pacific

26 November 2008

Mr Speaker,

I have the pleasure to make a Ministerial Statement to announce to the House the Government's intention to join an important initiative to promote free trade in the Asia Pacific region.

On 20 November 2008 at the APEC Ministerial Meeting in Lima, Peru, I announced that Australia will participate in negotiations on a comprehensive Trans-Pacific Partnership Agreement alongside the United States, Brunei Darussalam, Chile, New Zealand, Singapore and Peru. We also understand that Vietnam is considering possible participation.

This initiative confirms Australia's strong commitment to regional integration, underlines Australia's support for APEC, promotes the vision of an Asia-Pacific Community and contributes to the Government's objectives in ensuring free trade agreements support the multilateral system.

Strategically, this is a most important development.

Mr Speaker,

The rapid growth in the number of bilateral and regional free trade arrangements internationally shows no sign of abatement; this is now a well-established part of the trade policy landscape.

It is therefore essential that bilateral and regional free trade agreements support – rather than undermine - the multilateral system.

The Government has made absolutely clear its commitment to reinforcing the primacy of the multilateral trading system – and ensuring that FTAs support the multilateral trading system.

We are strongly committed to ensuring the success of the WTO Doha Round of world trade talks, which has been given added urgency by the global financial crisis.

The strong political commitment expressed by world Leaders at the G20 and APEC Leaders Meetings in the past two weeks is testament to the commitment of the international community, including of course Australia, to making Doha succeed.

The language that came out of the APEC Leaders' meeting over the weekend - instructing Ministers to meet in December to conclude

modalities - amplified and strengthened the commitment made by G20 Leaders earlier in the month.

If we can conclude a framework package on Doha, we will significantly strengthen the multilateral trading system.

But our commitment to multilateralism does not stop in Geneva.

We are in favour of high-quality and comprehensive FTAs, as I have said consistently since coming to office.

We are in favour of initiatives that ensure that bilateral and regional trade arrangements are more consistent with the multilateral trading system.

Our announcement to join negotiations on the Trans Pacific Partnership is perhaps the most important initiative the Rudd Government has taken to fulfil that aim.

This initiative has the potential to spread the benefits of comprehensive and high-quality FTAs – that is, their speed and depth as a vehicle for liberalisation – to a wider membership.

It has the potential to reduce trade discrimination by broadening its coverage.

It has the potential to serve as a base for a wider exercise in multilateralising FTAs in the Asia-Pacific region.

It therefore has the potential to serve as a viable building block to even greater regional integration in the Asia Pacific.

The current members of the Trans-Pacific Strategic Economic Partnership Agreement between Chile, New Zealand, Singapore and Brunei - known as the P4 - have invited Australia, Peru and Vietnam to join the negotiation. The United States confirmed its intention to participate comprehensively in the initiative in September this year.

The announcements made last week at the APEC Ministerial Meeting that Australia would join the negotiations have highlighted the significance of this initiative and we hope will stimulate others to join in due course.

Mr Speaker,

We went to the last election with a commitment to transparent and inclusive trade policies.

Our approach to entering this set of negotiations honours that commitment.

We have ensured that we have provided extensive opportunities for public input from all segments of the Australian community on this proposed initiative.

I announced on 23 September that Australia would actively consider participation in the initiative. In October, public consultations were held with industry, business, academics and labour and community organisations, as well as with other government agencies, and State and Territory officials.

The consultations allowed us to hear directly from each of these sectors in our community on their views on Australia's possible participation.

The input to this initial consultation has been positive. The widespread view is that Australia should participate in this Agreement and be involved from the outset - to ensure that we are able to help shape the Agreement in a way that benefits Australia.

Taking into account this input, the Government has formed the view that we should proceed.

This view is supported by the Mortimer Review of Export Policies and Programs, commissioned by the Government and released on 22 September 2008, which recommends, as part of a package of trade reforms, that Australia participates in the Trans-Pacific Agreement.

With the confirmed participation of the United States, Peru and Australia, there is strong potential for the Trans-Pacific Partnership to develop into a broad-based and high quality free trade agreement.

Our public consultations have showed this view is shared by many stakeholders. Stakeholders have also pointed to the potential for real commercial benefits from the Agreement in the long term.

One priority of the Government will be to maintain and build on existing standards in our current free trade agreements and retain the flexibilities that we presently have in those agreements.

[I now table a document](#) – together with this statement – outlining views that emerged in the consultations on the costs and benefits of our participation in the Trans-Pacific Partnership, and views on priorities and objectives for the negotiations.

Taking these views into account, the Government's priorities include to:

- promote trade and investment flows with partners of the Trans-Pacific Partnership negotiations
- ensure that the Trans-Pacific Partnership provides a platform for comprehensive liberalisation across goods, services and investment;
- substantially improve trade and economic integration with Peru, with which we do not currently have a free-trade arrangement, given our growing commercial interests, particularly in services and commodities trade;
- to pursue commercial interests more broadly in the Asia-Pacific region as other countries start to take a closer interest in the Trans-Pacific Partnership process.
- to build on WTO rules covering goods, services and investment
- to provide a model arrangement which might stimulate other initiatives to multilateralise bilateral FTAs

While the Government can see significant opportunities from participation in this Agreement, we are also conscious of the need to retain control over the setting of domestic policy in a range of areas.

The first meeting of the Trans-Pacific Partnership negotiations is planned for March 2009 in Singapore – which is also next year's host of APEC. Following that meeting, we will engage further with stakeholders as Australia develops its approach to achieving a high quality regional free trade agreement.

The existing free trade arrangements between these members should allow us to work expeditiously.

The meeting in March will be important to build the foundations of this initiative – because if we're to encourage others to dock on to the agreement, we want to make sure we've got the foundations right.

The Trans-Pacific Partnership initiative may be the most viable bridge to generating a free-trade agreement in the Asia Pacific region. But it's got to be a well-built bridge.

The Government will seek to ensure that the Trans-Pacific Partnership negotiations do not detract from our negotiations with other trading partners and that all our free trade agreement negotiations continue to achieve and promote ongoing trade liberalisation across the Asia-Pacific region and exemplify Australia's strong commitment to open markets.

Australia has or will soon have existing free trade agreements with all P4 participants and with the United States. The consultations revealed that we could build on these commercial gains with countries like Peru, and potentially with other members as participation expands. During the consultations there were, understandably, also a number of commercial sensitivities expressed in some of the submissions.

Reflecting the Government's commitment to transparency, we have indicated to all those who have made written submissions that we intend to table their submissions should they agree.

I am also pleased, Mr Speaker, to make those submissions public today on my Department's internet site.

We will not stop at this point in our commitment to inclusiveness and transparency.

As the negotiations get underway, which I anticipate will happen from March next year, the Government will continue to consult fully on the terms of its participation and to convey feedback on the course of the negotiations.

Mr Speaker,

APEC is our leading forum for trade and investment cooperation – and cooperation in this important sphere binds our region together.

Membership of APEC expands Australia's focus beyond the domestic market and provides tremendous opportunities to create jobs and income.

Australian business has access to over 2.5 billion consumers and around 60% of global income in 21 APEC member economies. These economies also purchase around three-quarters of Australia's merchandise exports.

In the last decade APEC exports have more than doubled to nearly AUS\$5 trillion, and APEC economies have generated 195 million new jobs and 70% of the increase in the world's economic growth.

The region accounts for nearly 60 per cent of world GDP and about 50 per cent of international trade.

There has been a substantial increase in trade and investment between countries in the region over the last two decades which has contributed strongly to economic growth and cooperation.

Australian trade with parties to the Trans-Pacific Agreement negotiation amounts to more than 20 per cent of Australia's total two way trade in goods and services and is growing at an average of nearly 5 per cent each year.

The Trans Pacific Partnership initiative has the potential to make a positive contribution to continued economic liberalisation and integration in the Asia-Pacific Region.

It will, importantly, allow us to engage the United States, under the Obama Administration, in the evolving economic architecture in the Asia-Pacific region.

These are early days with this initiative, but it is my firm view that we must be a part of it.

Mr Speaker,

Extending the principles of openness and multilateralism will lead to less trade discrimination, lower trade tensions, less trade diversion and higher global economic welfare.

We are pursuing these goals vigorously through our efforts to secure a successful conclusion to the Doha Round.

We also need to start "knitting together" bilateral trading arrangements if we are to make progress towards our goal of ensuring FTAs are truly consistent with the multilateral system.

We need to start harmonising the rules in these various FTAs – for the benefit of our business communities.

Apart from laying firm foundations for trade reform, this initiative will also help position Australia to sustain its economic future, which is particularly pertinent given the current global economic uncertainty.

The fact is that Australia is one of the few developed countries forecast to continue to grow. We are also well-positioned through our trade focus on the Asia-Pacific region, which is in our time-zone, and which is also expected to continue to grow.

But we must build the framework that strengthens the role of trade reform for economic growth and which underpins the principles of multilateralism.

Australia's participation in the Trans-Pacific Partnership is an important step in this direction.