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**Statement by the Ambassador of Australia,
His Excellency Kim Beazley,
at the United States International Trade Commission's
Public Hearing on the Trans-Pacific Partnership
2 March 2010**

Madam Chairman, Commissioners, thank you for this opportunity to speak on behalf of the Australian Government about the Trans-Pacific Partnership, known as the TPP.

2010 marks the 70th anniversary of the establishment of formal diplomatic relations between Australia and the United States. Over the years we've become close allies and friends, working together to address the international challenges that confront all nations. On the trade front, Australia and the United States have strived for over 50 years to promote global trade liberalisation. Our strong bilateral trade and investment relationship was cemented by the Australia-United States Free Trade Agreement, which came into force in 2005. Further, we continue to work together on securing a successful conclusion to the Doha Round of multilateral negotiations. The TPP will build on the trade liberalisation gains we make in the Round.

The TPP represents an exciting new era in our relationship. We now have a rare opportunity to create the template for the next generation of free trade agreements. And, just as importantly, the TPP is an ideal vehicle for the United States to increase and enhance its economic engagement with the

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dynamic Asia-Pacific region. This is why Australia so strongly welcomed President Obama's announcement on the TPP last November.

Just as we worked together to create APEC, Australia welcomes the opportunity to work closely with the United States on this new endeavour. Indeed, our cooperation in APEC, addressing obstacles confronting the business community such as behind-the-border regulatory barriers and other business facilitation issues, will serve us well as we move to advance such issues in the TPP.

Madam Chairman, Australia and the other TPP parties are determined the TPP will be different to other free trade agreements. It will be a state of the art, comprehensive trade agreement befitting the twenty-first century, one that supports our shared economic agendas of trade liberalisation, job creation, economic growth and development.

The TPP will be geared to the needs of our economies – our manufacturers, service providers and farmers - and of our workers, all of whom have different concerns than they did ten or twenty years ago. The TPP negotiators will explore ways to better address non-tariff barriers, promote more efficient and robust supply chains and create more opportunities for our small and medium-sized companies. The TPP will eliminate duties on imports and tariffs on certain products, harness e-commerce, introduce new fields of commercial opportunity such as green technology and establish strong standards on labour and environment. And the TPP will be a living, growing agreement. It will be crafted to serve the

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needs of our region, the Asia-Pacific, well into the future and it will expand over time to include other regional economies.

As a group, the United States's current TPP partners comprise a substantial market for the United States. In 2009, US merchandise exports to Australia, Brunei, Chile, New Zealand, Peru, Singapore and Vietnam totalled \$US 61.5 billion. However, trade between us could be greater - our business communities tell us that the patchwork of rules governing trade between our countries is confusing, duplicative and costly. As we craft the TPP agreement and knit together existing free trade agreements, we will look at ways to simplify and streamline these rules for our business communities and traders.

But the current group of eight parties is just the beginning. Australia, the United States and the other parties share a vision for the TPP. We intend for the TPP to expand progressively to include other economies in the Asia-Pacific region, economies willing and able to sign up to the high standards of the TPP. Our aim is for the TPP to create a platform for widening and deepening economic integration across the Asia-Pacific. And Australia believes the TPP might provide a building block towards the APEC goal of a Free Trade Area of the Asia-Pacific.

Madam Chairman, President Obama and Ambassador Kirk have highlighted the huge opportunities that the dynamic Asia-Pacific region offers US exporters and investors. The region already accounts for more than 40 percent of world trade. The IMF forecasts that the Asia-Pacific economies

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will grow faster than the world average over the next four years at least. The TPP will ensure that the United States is drawn into the region's economic opportunities. It will help the United States expand its exports, which President Obama has identified as key to jobs growth and economic recovery. And, more broadly, the TPP offers the United States the chance to deepen its engagement in the Asia-Pacific region, an outcome that will be welcomed by Australia and other US partners.

To illustrate further the dynamism and opportunities in the Asia-Pacific region, since 1992, APEC's trade with the world has grown at an average 8.5 per cent per annum, rising from US\$ 4.0 trillion in 1992 to US\$ 17.1 trillion in 2008. In 2008, APEC accounted for 42.7 per cent of world exports and 43.6 per cent of world imports. Goods and services exported by APEC members have increased from US\$ 2.0 trillion in 1992 to US\$ 8.5 trillion in 2008, while goods and services imported by APEC members have risen from US\$ 2.0 trillion to US\$8.7 trillion¹.

The Australian and US business communities are overwhelming positive about the TPP, as we have seen from the submissions our governments have received. They have underscored the need for the agreement to be a high quality and commercial meaningful one and for membership of the TPP to expand progressively. The Australian business community is keen to expand our access to, and economic integration with, this dynamic region. Here in the United States, the business community considers the TPP to

¹ Source: Department of Foreign Affairs and Trade: The APEC Region Trade and Investment Report 2009 page 2

AS PREPARED

provide a much-needed opportunity to expand US economic engagement and improve US competitiveness in the Asia-Pacific. In light of the growing number of free trade agreements in the region, the business community has welcomed the chance for the United States to be an equal and active participant in this important trade liberalisation effort.

At the practical level, the Australian and US business communities and other interest groups have identified many issues they'd like TPP negotiators to pursue. These include regulatory coherence, rules of origin, intellectual property, e-commerce and traditional market access for goods and services. We look forward to using much of the work done by APEC on these issues over the years, folding this into the agreement when practicable. And we will continue to have an ongoing and frank dialogue with our business communities as the TPP parties seek to forge the next generation of trade agreements.

Madam Chairman, the TPP negotiations will be complex and challenging. There are many questions for which we don't yet have answers. But we all know that nothing ventured is nothing gained. The Australia-United States Free Trade Agreement has shown us the benefits of a high quality and comprehensive free trade agreement. Total goods and services trade between our two countries has grown by 61.7 per cent, from \$US 32.6 billion in 2004 to \$US 52.7 billion in 2009. Over this same period, US goods and services exports to Australia have increased 67.5 per cent, from \$US 20.9 billion to \$US 35 billion. And Australian investment in the United States has grown such that by the end of 2007 Australian companies owned

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assets worth \$US 166.7 billion and employed more than 75,000 US workers. The average compensation for these employees was more than \$US 79,800 per annum.²

The beauty of the TPP initiative, of course, is that we can build further on the already broad and deep bilateral trade and investment relationship we have with the United States, while at the same time developing and expanding the relationships we both share with the other TPP parties. The efficiencies we gain will ensure that the outcome is much greater than the sum of its parts.

In conclusion, Australia and the United States share many common and complementary interests in the TPP negotiations. Like the United States, Australia wants a high standard, comprehensive twenty-first century agreement that will serve as a platform for economic integration across the Asia-Pacific region and will benefit us all. To this end, the Australian Government looks forward to hosting the first formal meeting of TPP senior officials in Melbourne this month.

Thank you, Madam Chairman, for the opportunity to appear before you today.

² Source: Bureau of Economic Analysis, US Department of Commerce.