



Thursday, 22 September 2016

Secretariat
Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA, ACT 2600

Also by Email: fadt.sen@aph.gov.au

Senate Foreign Affairs, Defence and Trade References Committee TPP Inquiry

Dear Sir / Madam,

The American Chamber of Commerce in Australia is writing in response to the request for submissions by the Senate Standing Committee on Foreign Affairs, Defence and Trade on 15 September 2016, with respect to the committee's inquiry into the Trans-Pacific Partnership (TPP) Agreement.

The American Chamber of Commerce in Australia - better known as AmCham Australia - was founded in 1961 by Australian and American businesses to encourage the two-way flow of trade and investment between Australia and the United States, and to assist its members in furthering business contacts with other nations. In pursuing this goal, AmCham Australia has grown and diversified. It finds itself not only representing the United States' business view, but also speaking increasingly for a broad range of members involved in the Australian business community.

AmCham Australia represents the interests of American companies undertaking business activity in Australia. American investment accounts for 27 per cent of all foreign investment in Australia which makes it, by far, the single largest foreign investor in Australia. We also have significant membership by Australian companies and endeavour to represent their interests whenever appropriate.

AmCham Australia strongly supports and urges passage of legislation approving the Trans Pacific Partnership ("TPP") trade and investment agreement. AmCham Australia has supported the lengthy and often-challenging negotiation process and has urged adoption of the final outcome.

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AmCham Australia is hopeful that the TPP will be approved in Australia but U.S. approval is required for the agreement to come into effect. U.S. ratification, as Prime Minister Turnbull has acknowledged during his very important visit to Washington this week, is not assured, and AmCham therefore is also deeply engaged in supporting and advocating for that outcome. Our focus therefore has been more on convincing American leadership that the TPP is in the American interest than it has been on persuading non-American audiences of its benefits to them.

All of the regional AmChams, including AmCham Australia, fully appreciate and have stressed the benefits of this comprehensive agreement for the United States economy. Increasing opportunities for exports, especially to major trading partners like Japan, will boost sales and create jobs for U.S. companies, notably among small to mid-sized enterprises. The TPP Chapters on electronic commerce, competition, government procurement, labour, the environment, and intellectual property will help U.S. companies maintain their competitiveness and world leadership in myriad sectors. As the U.S. has a comprehensive bilateral free trade agreement with Australia, U.S. companies already enjoy strong access to the Australian market, and vice versa. The TPP, however, builds on this existing access by helping to ensure that the trade and investment environment will remain comparatively unfettered, including in key areas like electronic commerce and high-value manufacturing. It also brings new benefits to companies doing business in fast-growing countries like Vietnam and Malaysia where the U.S. has no free trade agreement.

In June, AmCham Australia sent a sizeable delegation with other regional AmChams to meet with key decision makers in Washington DC. Our meetings strongly convinced us that there continues to be significant lack of appreciation on Capitol Hill of the broad economic and strategic importance of the TPP and of the imperative to adopt it at the first available opportunity. Equally serious is a widespread failure to appreciate the consequences of the U.S. not approving this trade agreement now. We left Washington convinced that the Lame Duck session of Congress is realistically the only time when passage will be possible. Waiting for the next President and Congress to review or renegotiate the TPP will only mean that the moment passes without its adoption, as the region is poised to move on instead to other trade policy priorities. U.S. credibility across the region will be lost as well if this is allowed to happen.

AmCham-Australia and other regional AmChams, such as those in Japan and Singapore, are now planning another trip to Washington December 5-7, 2016 in order to further emphasise the benefits of TPP to the USA and to urge its ratification by Congress during the Lame Duck session.

We will again point out that Australia is a leading free-trading nation, as proven by the ambitious agenda of bilateral, regional and global trade agreements it has pursued and concluded over the past 30 years. Indeed, in the past three years alone, Australia has concluded bilateral FTAs with key trading partners in Japan, China, and Korea.

In the years ahead, the template created by TPP will extend to other nations that join the group, eventually including most or all nations across the entire Asia-Pacific region. Already, there is interest expressed in joining TPP in Korea, Taiwan, Thailand, Philippines and even China.

We all need to understand that countries like Australia are not waiting for U.S. ratification of the TPP without exploring other options. Through its membership of the China-led alternative to the TPP - the Regional Comprehensive Economic Partnership, or RCEP - our view is that Australia is hedging its bets in case the U.S. Congress fails to ratify the TPP this year. The RCEP countries hope to complete negotiations as early as this year. The RCEP would be a far less ambitious and comprehensive trade deal and is likely to include few of the landmark provisions negotiated by the TPP parties. The TPP Chapters on electronic commerce, competition, government procurement, labour and the environment, and intellectual property will help U.S. and Australian companies maintain their competitiveness and world leadership in myriad sectors.; RCEP will have meaningful chapters in none of these critical areas. Moreover, in the absence of a TPP, RCEP-like agreements will become the standard for regional trade deals in the Asia Pacific. The U.S. will be left out and will see the great opportunity afforded by TPP slip away. U.S.-based companies, the U.S. economy and U.S. workers will be the real losers. The rest of the world will move on. These points need to be fully understood in Washington, and we will make them forcefully in December.

In June, AmChams also saw in Washington how many sceptics overlook the strategic importance of the TPP to the U.S. We will therefore remind them that the TPP is viewed across the Asia Pacific not merely as a trade agreement but, equally important, as a manifestation of American leadership and initiative in the region. Prime Minister Turnbull has made these arguments himself, to great effect. We realise that Australia, like many other regional neighbours, counts on its American ally to maintain an active and comprehensive engagement in that part of the world. U.S. hesitation to adopt the TPP is already being viewed with concern; we fear that failure to ratify it this year will be seen as an abdication of that leadership at a critical time in history.

The window for passage of TPP legislation is about to close. The best contribution that Australia and other allies and trading partners of the United States can make to conclude the TPP is to ratify it themselves at the earliest opportunity. Demonstrating your own resolve to ratify and implement the agreement will likely help stiffen spines in Washington on this critical opportunity.

Thank you for your consideration, and for this opportunity to submit AmCham's views in preparation for the Senate Standing Committee on Foreign Affairs, Defence and Trade's inquiry on the Trans-Pacific Partnership (TPP) Agreement.

Yours sincerely,

Niels Marquardt
Chief Executive Officer