

## What is the TPP-11?

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) is a new free trade agreement (FTA) between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam signed on 8 March 2018 in Chile. This Agreement is a separate treaty that incorporates, by reference, the provisions of the Trans-Pacific Partnership (TPP) Agreement (signed but not yet in force), with the exception of a limited set of provisions to be suspended. The 11 countries have a shared vision of the Agreement as a platform that is open to others to join if they are able to meet its high standards.

Importantly for Australia, the TPP-11 ensures that the substantial market access package secured in the original TPP is maintained (i.e. covering goods and services market openings and commitments on regulations on foreign investment). This market access package will be implemented among the TPP-11 Parties, delivering major new opportunities for Australian exporters, investors and firms engaged in international business. The outcome maintains the ambitious scope and high quality standards and rules of the original TPP.

### Benefits for Australian exporters of goods

The Agreement will eliminate more than 98 percent of tariffs in the free trade area. Highlights include:

- new reductions in Japan's tariffs on beef, (Australian exports worth \$2.0 billion in 2017);
- new access for dairy products into Japan, Canada and Mexico, including the elimination of a range of cheese tariffs into Japan covering over \$100 million of trade;
- new sugar access into the Japanese, Canadian and Mexican markets;
- tariff reductions, and new access for our cereals and grains exporters into Japan, including, for the first time in 20 years, new access for rice products into Japan;
- elimination of all tariffs on sheepmeat, cotton and wool;
- elimination of tariffs on seafood, horticulture and wine; and
- elimination of all tariffs on industrial products (manufactured goods).

### Benefits for Australian exporters of services

The Agreement will enhance the level of transparency and predictability for Australian services exporters across the board, reducing some regulatory risks these firms confront internationally. Highlights include:

- recent reforms in the professional services sector in the TPP-11 countries, for example in legal, architectural, engineering and surveying services, will be legally guaranteed and enforceable;
- mining equipment services and technologies and oilfield service providers will benefit from energy sector reforms in Mexico and Vietnam, and new rules on large State-Owned Enterprises, which will help Australian providers to compete on an equal footing;
- financial services companies may provide the following cross-border services in Parties' markets:
  - (i) investment advice and portfolio management services to a collective investment scheme; and

- (ii) insurance of risks relating to maritime shipping and international commercial aviation and freight, and related brokerage;
- preferential temporary entry arrangements for Australian business people (and their spouses) into key markets, including provision for the waiving of work permits and work rights for spouses in Brunei Darussalam, Canada and Mexico;
- universities and vocational education providers will have legally guaranteed access to Brunei Darussalam, Japan, Malaysia and Mexico, and will be able to supply online education services across the region;
- the phasing out of foreign equity limits in Vietnam's telecommunications sector five years after the entry into force of the Agreement and the ability to apply to wholly-owned telecommunications ventures in Malaysia; and
- providers of private health and allied services will benefit from greater certainty regarding access and operating conditions in Malaysia, Mexico and Vietnam.

The Agreement will provide new opportunities for Australian businesses to bid for government procurement services contracts, including:

- accounting, auditing and taxation services in Brunei Darussalam, Canada, Malaysia, Mexico and Vietnam;
- management consulting services in Brunei Darussalam, Malaysia and Mexico;
- computer and related services offer by all Parties, along with maintenance of office machinery in Brunei Darussalam, Canada, Malaysia, Mexico and Vietnam;
- architectural engineering and other technical services in Brunei Darussalam, Canada, Malaysia and Mexico;
- telecommunication and related services in Brunei Darussalam, Canada and Malaysia;
- environmental protection services in Brunei Darussalam, Canada, Malaysia, Mexico and Vietnam;
- education services in Brunei Darussalam, Canada, Japan, Malaysia and Mexico; and
- health and social services in Brunei Darussalam and Malaysia.

### Benefits for Australian firms investing overseas

The Agreement will include important elements which will deliver a more liberalised and predictable regime for the regulation of foreign investment, including in key sectors such as mining and resources, telecommunications and financial services. For example:

- Canada will allow Australian investors to apply for an exemption from the 49 per cent foreign equity limit on foreign ownership of uranium mines, without first seeking a Canadian partner;
- Australian investments into Canada below CAD1.5 billion and into Mexico below USD1 billion will not be screened; and
- Australian investors will also benefit from commitments offered by Japan, Vietnam and Brunei Darussalam to only impose conditions on foreign investment on the initial sale of interests or assets owned by the government.

The Agreement will also promote productive foreign investment in Australia by liberalising the screening threshold at which private foreign investments in non-sensitive sectors are considered by the Foreign Investment Review Board (FIRB), increasing it from \$261 million to \$1,134 million. Under the

Agreement, the Treasurer retains the ability to screen investments in sensitive sectors to ensure they do not raise issues contrary to the national interest.

The Agreement's investment obligations can be enforced directly by Australian and other Parties' investors through an Investor-State Dispute Settlement (ISDS) mechanism. That mechanism includes a wide range of safeguards that protect the Government's ability to regulate in the public interest, such as for public health. Australia's tobacco control measures cannot be challenged.