



CPTPP outcomes: Transport and logistics

As supply chains for the production of many goods become more complex and international in scope, businesses are increasingly looking to outsource elements of their transport and logistics activities to specialist third party providers. The CPTPP provides a framework of rules and commitments that will assist many Australian transport and logistics businesses to capitalise on this trend. The CPTPP removes key barriers, provide more transparent and predictable operating conditions in CPTPP countries, and captures future market reforms in CPTPP countries.

Australia's transport and logistics services exports to CPTPP countries were valued at \$2.1 billion in 2017, which accounted for 28 per cent of total Australian exports of transport and logistics services (valued at \$7.6 billion).

Key outcomes

Tariff free entry for pallets and containers

The temporary entry of containers and pallets involved in transporting goods will now be given tariff free entry. This eliminates considerable costs for Australian exporters and transport companies, which pay duties as high as 20 per cent in some CPTPP countries.

Road and freight transport

Australian providers of transport and logistics will now benefit from the following commitments:

- Malaysia has agreed to guarantee its current investment regime for freight transport (with a foreign equity limitation of 49 per cent) and guaranteeing that any future market reforms will flow through to Australian providers;
- Vietnam has locked in its current investment regime for road freight transport services (including the foreign equity limitation of up to 51 per cent) and guaranteeing that any future market reforms will flow through to Australian providers; and
- Australian suppliers also have new opportunities to bid for government contracts for land and sea freight services in Malaysia and Brunei Darussalam.

Aviation

The CPTPP contains ground-breaking rules on State-Owned Enterprises (SOEs) and designated monopolies that help ensure government-owned airlines are not provided with non-commercial assistance, such as subsidies, that have an adverse effect on competition with privately-owned airlines.

Most CPTPP Parties have committed to guarantee their existing investment regimes in aviation and guaranteeing that any future reforms will automatically flow through to CPTPP Parties.



Australia has secured commitments from Vietnam to lock in its investment regime in aviation (including the 30 per cent foreign equity limitation) and guarantee that any future reforms will flow through to Australian airlines established in the Vietnamese market.

Enabling services in the air transport sector

The CPTPP covers a broader range of air transport-related service sectors than previous free trade agreements. Given that air transport-related services can increasingly be provided on a cross-border basis, this has particular value, including in the following areas in which Australian providers have strong expertise:

- Specialty air services such as flight training and parachute jumping;
- Services related to the design and operation of airports; and
- Ground-handling services such as baggage handling and flight catering.

In commitments extending beyond what it offered under the Japan-Australia Economic Partnership Agreement (JAEPA), Japan has guaranteed market access for Australian suppliers of ground handling services and offered commitments which provides Australian service suppliers with greater certainty regarding the operating conditions for the supply of airport operation services. Australia has also secured these commitments for the first time from Chile and Mexico.

Australia has secured commitments on commercial flight training from Brunei Darussalam, Chile, Japan, Mexico, New Zealand and Vietnam, giving Australian providers opportunities to expand in CPTPP countries. Australian suppliers also have new opportunities to bid for government contracts for air transport services in Brunei Darussalam, and air freight services in Brunei Darussalam and Malaysia.

Transport infrastructure and supporting services

Logistics and supporting transport services, such as transportation document preparation services, cargo handling, storage and warehousing, materials and stock management, packing, freight brokerage and freight inspection services are key elements to efficient, integrated and seamless supply chains. Australian suppliers of these services to the maritime, road and rail sectors will benefit from enhanced access to the markets of CPTPP countries.

Australian suppliers will now have new opportunities to bid for government contracts in supporting transport services, such as cargo handling, storage and warehousing services in Brunei Darussalam and Malaysia.

Simpler customs procedures

The CPTPP promotes high quality standards for the treatment of express shipments, such as courier services. It encourages the provision of information before a shipment arrives, minimal documentation requirements and the rapid release of express shipments to the final destination.

The CPTPP also encourages the adoption of simplified customs procedures that reduces the time taken to clear goods. This includes allowing advance electronic submission and processing of customs information and allowing goods to be released before the final determination of customs duties.

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