

# TRANS-PACIFIC PARTNERSHIP AGREEMENT

## CHAPTER SUMMARY: NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

The National Treatment and Market Access for Goods Chapter is one of a suite of chapters that will govern the treatment of manufactured and agricultural goods traded between the TPP Parties. Those chapters establish a framework of rules that will make trade in goods between TPP Parties easier, cheaper and fairer.

The National Treatment and Market Access for Goods Chapter covers tariff reduction commitments, imposes disciplines on import and export restrictions, and clarifies import and export licencing procedures. The Chapter also seeks to curb the use of government policies that distort markets, including export taxes and duties, and export subsidies. TPP Parties commit to complying with and implementing relevant WTO Agreements, and to working together in the WTO to develop further disciplines on trade in goods.

### MORE INFORMATION ON THE CHAPTER

#### Commitments on tariffs and fees

TPP Parties commit to progressively lower their respective customs duties, in accordance with a schedule of commitments annexed to the Chapter.

The Chapter sets out rules guiding tariff cuts, and the circumstances under which a waiver of customs duties will be permitted.

The Chapter sets out circumstances under which TPP Parties may allow goods to enter or re-enter a market duty free. This includes goods exported temporarily for repair or alteration; commercial samples and printed advertising material; and professional equipment temporarily entering markets, such as television production equipment, software, goods intended for display, and sporting goods.

The TPP is the first Australian trade agreement to afford duty free entry to the temporary entry of containers and pallets involved in transporting goods. This will eliminate considerable costs for a number of Australian exporters and transport companies. Until now, a number of TPP Parties have charged exporters a duty on the containers and pallets entering temporarily for shipping purposes, and those duties have been as high as 20 per cent.

#### Commitments on customs and other duties on information technology products

TPP Parties have agreed to implement the WTO *Information Technology Agreement*, which requires customs and other duties to be eliminated from information technology products, including computers, telecommunication equipment, semiconductors, semiconductor manufacturing and testing equipment,



software, scientific instruments, as well as most of the parts and accessories of these products. Some TPP Parties have been granted longer implementation times for this commitment.

#### Treatment no less favourable than “like” domestic goods

The Chapter’s **national treatment** provisions reinforce the WTO obligation in Article III of the *General Agreement on Tariffs and Trade 1994* (GATT 1994), that imported goods are not be treated less favourably than “like” domestic goods.

#### Import and export restrictions and other non-tariff barriers to trade

The Chapter includes commitments on import and export restrictions and other non-tariff barriers that may otherwise present hurdles to Australian goods entering TPP markets.

- The Chapter reaffirms TPP Parties’ WTO commitments not to impose **import restrictions or export restrictions** for goods bound for another TPP Party except as outlined by Article XI of GATT 1994. The Chapter also clarifies that these provisions apply to **remanufactured goods**. Remanufacturing is the rebuilding or refurbishment of a good to the original specifications using new or used parts.
- The Chapter includes provisions on **import licencing** that prevent TPP Parties from adopting or maintaining measures inconsistent with the *WTO Agreement on Import Licencing Procedures*, an agreement that sets out the parameters to which TPP Parties must adhere in designing import licencing requirements. Key among the requirements of that WTO agreement is that parties must ensure that their licencing procedures are neutral in application and administered in a fair and equitable manner. TPP Parties will be required to notify other TPP Parties of changes to licencing requirements before they take effect, which will reduce the chance of products being held up unnecessarily when crossing borders.
- The Chapter requires TPP Parties that maintain **export licencing procedures** to notify others of their procedures.
- The Chapter requires any **administrative fees and formalities** imposed on imports by Customs or other Government agencies must be limited to the actual cost of the service rendered by the agency. This will prevent governments imposing additional arbitrary costs on exporters.
- TPP Parties have agreed that **export duties and taxes** are not permitted other than in limited circumstances. Export taxes increase the cost of a product on the international market, effectively restricting exports and lowering the cost of input to further domestic production or consumption. This disadvantages foreign exporters of the same product that might otherwise compete to sell into that market and can distort world prices for different goods.

#### Export Restrictions – Food Security

The Chapter recognises the rights of TPP Parties to apply temporary **export restrictions** for reasons of **food security** to address critical food shortages consistent with WTO commitments. However, the Chapter places additional obligations on parties to improve the transparency of any such measures, including timelines in which they should be reviewed.

### Agricultural Export Subsidies

TPP Parties have agreed not to maintain or adopt **export subsidies on agricultural goods** destined for the market of another TPP Party. Also, TPP Parties have for the first time agreed to work together in the WTO to develop disciplines on **export credits, guarantees and insurance programs**.

### Agricultural Export State Trading Enterprises

TPP Parties commit to work together toward an agreement in the WTO on curbing the trade distorting behaviour of **agricultural export state trading enterprises (STEs)**, eliminating any special financing by a WTO member, and requiring greater transparency in the operations of STEs.

### Tariff rate quota administration

For the first time in a multilateral agreement, TPP Parties have agreed to a common set of principles guiding the management of tariff rate quotas (TRQs) in the TPP. A number of TPP Parties manage access to their agricultural markets through TRQs. These principles in the TPP will maximise the opportunities for Australian exporters to take full advantage of the market access openings presented by TRQs in the TPP. The TPP principles on TRQs will ensure a level playing field for all TPP Parties and provide transparency in quota administration.

- The Chapter promotes fairness and equity, information sharing, timeliness, and efficiency in quota management.
- Parties are required to publish relevant information relating to quota administration, including quota sizes and eligibility, and application procedures and deadlines in advance of the opening of the quota for applications.
- The Chapter encourages the administration of quotas in a manner that enables importers to utilise fully TRQ quantities, including, for example, by providing at least a four week window in which to lodge applications and that quotas be allocated no later than four weeks in advance of the opening of the quota year.
- It further stipulates that quota allocations need to be made in commercially viable shipping quantities, and, to the extent possible, in amounts requested by importers.
- The Chapter also outlines principles and procedures for the return and reallocation of quota volumes, should initial quota allocations not be fully utilised. These principles encourage timeliness and transparency to maximise opportunities for full quota utilisation.

### Trade in Products of Modern Biotechnology

The Chapter includes a provision relating to **trade in biotechnology products** (genetically modified products).

- The provision does not oblige parties to change the way in which they regulate the development of, or trade in, goods containing genetically modified products.

- The provision aims to improve the flow of information between those parties that trade in such products, including encouraging the creation of contact points in relevant agencies to share information on decisions and regulatory requirements.
- The provision also encourages information sharing if a “low level presence” of genetically modified plant material is detected in an otherwise non-GM shipment of plant products (such as a bulk grain shipment).
- The Chapter urges TPP Parties, to encourage developers of genetically modified products to submit applications to other parties for authorisation of plant and plant products. TPP Parties that accept trade in GM products are encouraged to accept such applications year round, as well as to increase communication among parties regarding the authorisation of new plant and plant products.

The provision does not go beyond Australia’s current regulatory practices.

### Transparency and consultation

The Chapter emphasises transparency, cooperation and consultation mechanisms.

Building on WTO rules, the Chapter includes an obligation to **publish** any requirements that may be relevant to trade, including changes to import and export procedures, taxes, fees, laws and administrative rulings, prohibitions or appeal procedures.

A **Committee on Trade in Goods** will be established, comprised of representatives from all TPP Parties. The Committee’s functions will include promoting trade in goods, including through consultation on accelerating the elimination of tariffs; addressing barriers to trade, particularly non-tariff barriers; and reviewing future amendments to the internationally standardized system of names and number used to classify traded goods.

A **Committee on Agricultural Trade** is also established to provide an additional forum through which to promote agricultural goods trade between the parties, promote cooperation and monitor the implementation of the agriculture specific elements of the chapter.