

TRANS-PACIFIC PARTNERSHIP AGREEMENT

OUTCOMES: TRANSPORT AND LOGISTICS

As supply chains for the production of goods become more complex, businesses are increasingly looking to outsource elements of their transport and logistics activities to specialist third party providers. The TPP will provide further opportunities for Australian transport and logistics businesses to capitalise on this trend.

Australia's transport and logistics services exports to TPP countries were valued at \$2.7 billion in 2015-16, which accounted for 39 per cent of total Australian exports of transport and logistics services (valued at \$6.9 billion).

The TPP will contribute to growth in Australian transport and logistics services through the removal of key barriers, provision of more transparent and predictable operating conditions in TPP countries, and by capturing future market reforms in TPP countries.

KEY OUTCOMES

Duty free entry for pallets and containers

For the first time in an Australian free trade agreement, the temporary entry of containers and pallets involved in transporting goods will be given duty free entry. This will eliminate considerable costs for Australian exporters and transport companies, currently paying duties as high as 20 per cent in some TPP countries.

Road and Freight Transport

Australian freight and logistics companies will benefit from enhanced commitments that support integrated logistics supply chains. For the first time, Australian providers of transport and logistics services in key South East Asian markets will gain strong trade and investment protections with:

- Malaysia guaranteeing 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 locking 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 will also have new opportunities to bid for government contracts for land and sea freight services in Malaysia, Brunei Darussalam and Peru.



Aviation

A number of TPP countries - New Zealand, Malaysia, Brunei and Vietnam - have government-owned airlines. The TPP Agreement contains ground-breaking rules on state-owned enterprises (SOEs) and designated monopolies that will help ensure that such airlines are not provided with non-commercial assistance, such as subsidies, that have an adverse effect on competition with privately-owned airlines. These disciplines will help ensure that airlines, such as Qantas, are able to compete on a more level playing field with government-owned airlines of TPP countries.

Most TPP Parties have committed to guaranteeing their existing investment regimes in aviation and guaranteeing that any future reforms will automatically flow through to TPP Parties, enabling Australian airlines to benefit from current and future openness in aviation markets.

Significantly, 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 TPP will cover 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 will provide 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, Peru, the US and Vietnam, giving Australian providers opportunities to expand in TPP countries.

Australian suppliers will also have new opportunities to bid for government contracts for air transport services in Brunei and Peru, and air freight services in Brunei, Malaysia and Peru.

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 TPP countries.

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

Simpler customs procedures

The TPP 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 TPP also encourages the adoption of simplified customs procedures that will reduce 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.