

Trade Commitments Branch
Department of Foreign Affairs and Trade
R.G. Casey Building
John McEwen Crescent
Barton ACT 0221

30 October 2008

Re: Submission in support of Australian participation in the Trans-Pacific Partnership Agreement

Dear Sir/Madam,

I am writing to express my strong support for the proposal that Australia launches negotiations to join the expanding Trans-Pacific Partnership Agreement.

As a relatively small player in the global economy, Australia's interests are best served by an open, non-discriminatory, rules-based multilateral trade system. However, over the past decade or so, the proliferation of preferential trade agreements (PTAs), especially in the Asia-Pacific region, has posed a major challenge for Australia. While many of these PTAs are said to have relatively trivial economic impacts, APEC's business advisory council has complained about the increasing regulatory costs associated with the rapid growth of PTA activity in the region. There is also considerable concern about the systemic effects of PTAs: in the 2007 *World Trade Report*, the World Trade Organization observed that there are 'both theoretical arguments and empirical evidence' that highlight the threat that PTAs can pose 'to the progress of the multilateral trade system'.

In this context, Australia's participation in the Trans-Pacific Partnership Agreement stands as an ideal opportunity to begin to address the systemic problems of PTAs in the Asia-Pacific region, in a way that is consistent with our commitment to the goals of APEC and the WTO. To be sure, Trans-Pacific Partnership Agreement would provide an opportunity for Australia to continue to protect and advance its commercial interests in trade in goods and services, and advance other forms of economic cooperation with our trade partners. But more importantly, participation in the TPPA would enable Australia and the other signatories to make significant steps towards addressing the discriminatory and systemic problems posed by PTAs. In particular, a decision to adopt a common set of Rules of Origin for the TPPA members would be an important first step, with both symbolic and practical

outcomes, in beginning to 'tame the tangle' of regionalism in the Asia-Pacific region.

I am happy to have my submission made public.

Yours sincerely,

Ann Capling

Professor of Political Science