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## The Impacts of Trans-Pacific Partnership on Australia

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# Abstract

The paper looks at the Trans-Pacific Partnership in which Australia is a member. Recently, the United States has decided to withdraw from the TPP, which might lead to a collapse of the entire agreement. This has raised some questions about the impact it will have on Australia. To answer this question, the influence of TPP on Australia in areas of economics, politics and environment have been analysed. The paper focuses on the largest industries (which have the highest export value) and industries that will be affected the most (both positively and negatively) from the TPP. These industries include beef, sugar, rice, dairy, wool industries in agriculture, iron, steel, ships and boats, automotive parts in manufacturing, and pharmaceutical in the services sector. The findings suggest that Australia should not continue the TPP agreement with the current provisions. This is due to the limited economic gains (Australia's GDP will increase by only 0.7%, the pharmaceutical sector will incur a significant loss, and the gain from greater access to international markets will not be effective until 10-15 years later). The environmental impact of the TPP may decline due to the disincentives from the investor-state dispute settlement. The only benefit of Australia maintaining membership in the TPP is from the politics which strengthen regional security. The recommendation is for Australia to focus on bilateral agreements with other countries as needed in replacement of the TPP agreement.

## Introduction

The Trans-Pacific Partnership (TPP) is a mega-regional trade agreement that includes 12 Asia-Pacific countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States of America (US) and Vietnam. The partnership covers up to 40% of the world's Gross Domestic Product (GDP) with the ambition of putting stricter regulations on Intellectual Property (IP) rights, Labour rights and environmental safeguards rather than a conventional cut on tariffs. It also planned to restrict government's support to state-owned companies and create more transparent investing regulations and the environment.<sup>1</sup>

The purpose of this paper is to explore the impacts of TPP on Australia regarding economics, politics and environment. This paper will review existing literature

on the TPP agreement and Australia's trade outlook. The literature being reviewed will emphasise the economic impacts of the TPP specifically on the GDP growth, the expansion in import-export, and the access to international market. The focus is on the largest sectors of the economy which are agriculture, manufacturing, services and pharmaceutical sectors. Following this, the politics are explored as a central driving force of the agreement with the enhancement in securitisation and geopolitics. Lastly, the literature will be focused on the influence of the trade agreements on the environmental factors such as climate change, fishing, and the illegal trade of flora and fauna. The conclusion provides suggestions on the possible options for remaining TPP countries after the US withdrawal.

## TPP and its economic impact

Overall, it is argued by some economists that the impact of TPP on Australia will be moderate. This is because the tariff level is already low among Australia and its main trading partners. Additionally, Australia has already signed bilateral agreements with most of the TPP participants, including US, Japan, Chile, New Zealand, Singapore and Malaysia. Brunei and Vietnam are also covered in the ASEAN-Australia-New Zealand Free Trade Agreement, leaving only three countries

which Australia can make new linkages. See **figure 1** for more details.

Although it is forecasted by the World Bank that joining the TPP will have a relatively small benefit on Australia (0.7 percent increase in GDP, only exceeding the US with 0.4 percent increase and being the second lowest in TPP nations in comparison with Vietnam - 10 percent, Malaysia - 8 percent. Refer to **figure 2** for

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<sup>1</sup> <http://www.economist.com/blogs/economist-explains/2016/11/economist-explains-14>

more information)<sup>2</sup>, Australia's Secretary of Foreign Affairs and Trade Peter Varghese argued that the growth rate looks more modest than the absolute value, which is equal to \$11 billion. In the world of uncertainty and economic stagnation, such

permanent gain certainly should not be ignored.<sup>3</sup> Moreover, besides economic impacts, TPP will also stimulate the stability and prosperity in the region, making up an essential environment which is crucial for the sustainable development of Australia.

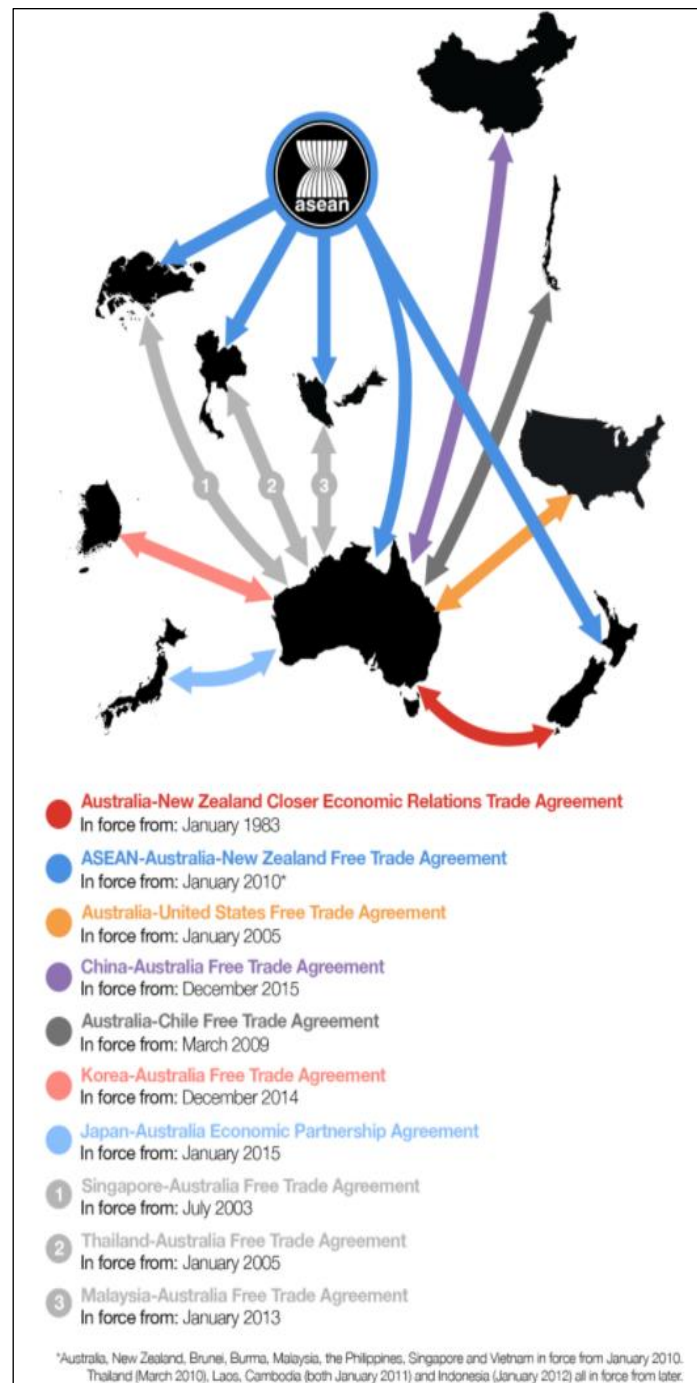


Figure 1: Current Australian free trade agreements

Source: Department of Foreign Affairs and Trade/The Conversation, Creative Commons CC BY-ND <sup>4</sup>

<sup>2</sup> World Bank, January 2016 'Global Economic Prospects'

<sup>3</sup> Letter from Secretary of Foreign Affairs and Trade Peter Varghese, January 2016, available at <http://dfat.gov.au/news/news/pages/letter-from-the-secretary-tpp-is-a-game-changer.aspx>

<sup>4</sup> <https://theconversation.com/brexit-trump-and-the-tpp-mean-australia-should-pursue-more-bilateral-trade-agreements-71330>

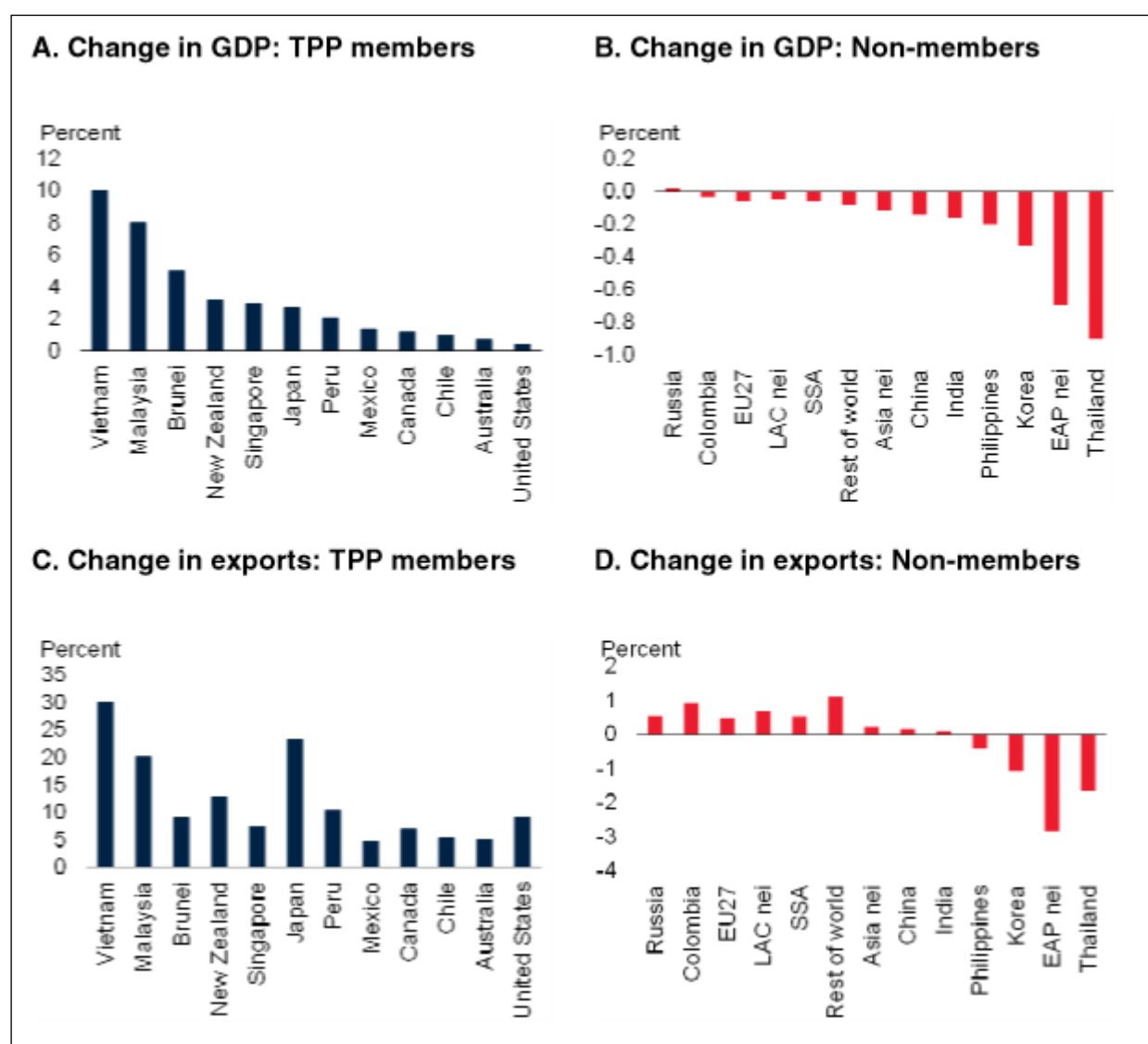


Figure 2: Country specific impact of TPP: GDP and trade by 2030

Source: World Bank <sup>5</sup>

In his research “Australia and the future of the TPP Agreement”, Armstrong states that as the tariff barriers in participating countries are already at a low level, the main benefits (if any) will come from sensitive sectors such as agriculture, service sectors and investment. Hence for the following section, the effect of TPP on those sectors will be the focus of study.

For agriculture, in 2015, Australia exported a total of \$46.5 billion worth of agricultural products, accounting for 14% of total goods and services

exported. Australia initially decided to join the TPP to have greater access to the US market than the existing Australia-US Free Trade Agreement (AUSFTA). This is because AUSFTA covered not much of agriculture but only a few products such as lamb at the expense of New Zealand<sup>6</sup> (while sugar and other sensitive products are excluded). Moreover, the TPP was hoped to open the potential to increase trade with Singapore. Although Australia has signed a free trade agreement (FTA) with Singapore, it does not cover agriculture, and the economic and political scale was smaller

<sup>5</sup> World Bank, loc.cit

<sup>6</sup> Shiro Armstrong, 2011 ‘Australia and the future of the TPP Agreement’

compared to AUSFTA. In terms of trade with Japan (one of Australia's biggest trading partners), TPP is expected to remove trade barriers on agriculture even further than under the Australia-Japan FTA. TPP is seen as a potential for Japan to liberalise its highly protected agricultural sector which is considered as inefficient and dragging the economy down.

Indeed, by participating TPP, Australia has been successful in gaining preferential access and elimination of tariffs on beef, sugar, rice, dairy, cereals, wool, wine and seafood into TPP countries, including US, Japan, Canada, Mexico<sup>7</sup> (for further details, refer to **table 1**). These are further benefits as it touches the industries and products that were not covered under the existing bilateral agreements of Australia with US and Japan.

Regarding manufacturing and energy resources, tariffs on iron, steel, automotive parts, paper and ship exports of Australia into Canada, Vietnam, Mexico and Peru will be eliminated (refer to **table 2** for more information). Furthermore, the services sector hope to experience a variety of outcomes including Mining Equipment Services and Technologies (METS) and liberalisation of energy and resource sectors in Mexico, Vietnam, Brunei; professional services reforms in Malaysia, access of Australian education services in Brunei, Japan, Malaysia, Mexico and Peru. Benefits are also believed to come from transport, telecommunications, hospitality and tourism services as well as government procurement. It is noticeable that there were provisions on reforms in State-owned Enterprises (SOEs), especially in Malaysia and Vietnam to ensure fair competition and no elimination against Australian suppliers.<sup>8</sup>

Product name	Export value (in 2015-16)	Achievements
Beef	\$8 billion	- Elimination of tariff into Canada (currently 26.5%), Peru (17%), Mexico (25%) - Reduce Japan's tariff to 9% within 10-15 years
Cereals and grains	\$7.2 billion	- Reduction of mark up on wheat and barley by 45% - Elimination of Mexican tariffs on wheat (currently 67%) within 10 years and on barley (115%) within 5 years - Elimination of Peru's tariffs on cereals and grains (currently 9%) within 5 years - Elimination of all Canadian tariffs upon entry into force
Wool	\$2.9 billion	Elimination of all remaining tariffs on Australian raw wool into TPP countries
Dairy	\$2.7 billion	- Elimination and reduction of tariffs on cheese, ice cream, whole milk powder, yoghurt products into Japan - Elimination of WTO in-quota tariffs into US
Wine	\$2.2 billion	- Elimination of Canada's tariffs (currently 1.87c and 4.68c/litre) - Elimination of Malaysian tariffs within 15 years (currently 7-23 Malaysian Ringgit/litre) and Vietnamese tariffs within 11 years (currently 59%) - Elimination of Mexican tariffs (currently 20%) within 3 years
Sugar	\$1.8 billion	- Elimination of tariff into Japan, Canada (currently CAD30.86/ton), Vietnam's sugar quota - Reduce Mexico's tariff by 7%, equivalent access to Brazil into US market
Seafood	\$1.4 billion	- Elimination of all Japanese and Mexican seafood tariffs within 15 years - Elimination of all seafood tariffs of Vietnam, Canada and Peru on entry into force of the TPP
Rice	\$416 million	- New quota access into Japan - Improvements to Japan's tendering process for rice

*Table 1: Summary of outcomes in agriculture  
Source: Department of Foreign Affairs and Trade*

<sup>7</sup> Parliament of Australia, 2016 'TPP National Interest Analysis'

<sup>8</sup> *ibid.*



Product name	Export value to mentioned market (in 2015-16)	Elimination of tariffs into
Iron, steel and aluminium	\$8 million	Canada, on entry into force of the TPP
Ships and boats	\$3 million	Canada within 10 years , with a range of tariffs of up to 25% on entry into force
Leather and sack kraft paper	\$3 million and \$1 million respectively	Mexico, on entry into force of TPP
Medicament	\$3 million	Mexico within 10 years
Other manufactured goods	\$121 million	Mexico within 15 years
Iron and steel	\$96 million	Vietnam within 10 years
Automotive parts	N/A	Vietnam within 10 years
Pharmaceutical exports	N/A	Peru within 10 years
Paper and paperboard	N/A	Peru within 10 years

Table 2: Summary of outcomes in manufacturing and energy resources

Source: Department of Foreign Affairs and Trade<sup>9</sup>

However, there is little empirical evidence of impacts from services chapters in FTAs except in Europe<sup>10</sup>. In terms of investment sectors, Productivity Commission's research "Bilateral and Regional Trade Agreements" shows that for Australia, instead of reducing current barriers, investment provisions in FTAs would be more likely to protect against future policy changes.<sup>11</sup>

In contrast to the positive perspectives about the effect of TPP, some critics pointed out the drawbacks of the deal. For example, the extension of copyright provisions and Intellectual Property (IP) protections will impose a net loss to the Australian economy. There are noticeably possible risks to the

Pharmaceutical Benefits Scheme (PBS) and other public goods as the costs of monopoly protections may go beyond the benefits, which will lead to a decrease in social welfare.<sup>12</sup>

Regarding merchandise trade, the research of Productivity Commission found that preferential trade agreements (PTAs) to increase trade flows between involving parties, but at the expense of other non-member nations.<sup>13</sup> Economists are afraid of the trade diversion effect, in which preferential agreements lead to economic loss as trade is diverted from low-cost non-member to high-cost member nations, which decreases the tariff revenue while not gaining in consumer surplus.<sup>14</sup> The impact of economic gains is

9 Department of Foreign Affairs and Trade, available at <http://dfat.gov.au/trade/agreements/tpp/outcomes-documents/Pages/outcomes-goods-market-access.aspx>

10 Joseph Francois, 2010 'Services trade and policy'

11 Productivity Commission, 2010 'Bilateral and Regional Trade Agreements'

12 Deborah H. Gleeson, 2015 'Costs to Australian taxpayers of pharmaceutical monopolies and proposals to extend them in the Trans-Pacific Partnership Agreement'

13 Productivity Commission, op.cit.

14 Paul R. Krugman, 'International Economics: Theory and Policy'

thus relatively small if we take into account the trade diversion and the adverse effect of resource allocation. However, the issue of trade diversion in TPP is argued not to be significant due to tariff level being already low and increasing trade agreements.<sup>15</sup>

In addition, The Productivity Commission found few businesses who benefited from FTAs, but not in a large scale across industries. Manufacturing and agricultural sectors experienced the most gains, while only a few were beneficial in service industries. However, the costs of negotiating and implementing to Australian government are significantly material. Hence it is suggested that the costs incurred by Department of Foreign Affairs and Trade should be transparently disclosed in the negotiations of the future agreement.<sup>16</sup>

In conclusion, it can be seen that TPP will have limited impact on the Australian economy. Though there are some achievements in tariff elimination and greater

access to international markets for Australian agricultural and manufacturing products, the majority of those elimination will not be effective within the next 10-15 years. The service sector may experience little or negative impact due to the loss from the pharmaceutical industry, while it will be certainly costly for the government to implement the provisions.

Apparently, if economics is the only factor to consider, Australia should withdraw from the TPP. However, it is argued that FTAs are generally driven by politics rather than economics. Few of FTAs signed by Australia has led to obvious benefits, especially the AUSFTA which was used by governments to secure foreign policy and strategic goals. This explained the reason why Australia got engaged regardless little gain in agriculture and other primary sectors.<sup>17</sup> The political side of the TPP and its impacts, one of the main features of the agreement, will be addressed and discussed later in the analysis of the next section.

## Political impacts of TPP:

Besides economic gains, securitisation and geopolitics are the major driving forces of the TPP.<sup>18</sup> TPP was created not only to stimulate international trade within the Asia-Pacific region, but also as a mega strategic plan to gain strategic relationship and strengthen the political power of US with the initiative to control the bipolar system after the Cold War<sup>19</sup> in the fear that “China will write the rules”<sup>20</sup> due to its recent economic and political rise.

With the massive infrastructure investment for “One Belt, One Road” proposal and growing influence over Japan and Association of Southeast Asian Nations (ASEAN) countries, President of China, Xi Jinping, is ambitious to set up a new China-led order in Asia.<sup>21</sup>

However, its strategic rival, the United States, has decided to use TPP to rebalance and sustain US leadership, reinforce and deepen its alliance and play a significant role in shaping the region.<sup>22</sup> Instead of being left out of the game, US has led the other 11 countries to participate in the most ambitious free trade agreements and formed its own trading bloc. By excluding China, one of the largest economies, the TPP has become a US-led agreement which indicates a vital strategic goal: strengthen the impact of US on Asia's trade situation and lessen the influence of China. This will help protect strategically crucial states like

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15 Peter J. Lloyd, 2002 ‘New Regionalism and New Bilateralism in the Asia-Pacific’

16 Productivity Commission, op.cit, p. 116

17 Productivity Commission, op.cit, p. 208

18 Ann Capling, 2013 ‘Symposium: Australia-US Economic Relations and the Regional Balance of Power. Australia, the United States and the TPP: Diverging Interests and Unintended Consequences’

19 Eric Yong Joong Lee, 2015 ‘TPP as a US strategic alliance initiative under the G2 system: legal and political implications’

20 President Obama's interview with Wall Street Journal, 2015, available at [www.wsj.com/articles/obama-presses-case-for-asia-trade-deal-warns-failure-would-benefit-china-1430160415](http://www.wsj.com/articles/obama-presses-case-for-asia-trade-deal-warns-failure-would-benefit-china-1430160415)

21 Michael J. Green, 2016 ‘After TPP: the Geopolitics of Asia and the Pacific’

22 Secretary of Defense Ash Carter's speech at McCain Institute, 2015 ‘Remarks on the Next phase of the US rebalance to the Asia-Pacific’



Vietnam from losing their “independent diplomatic and political leverage” due to reliance on Beijing.<sup>23</sup>

Regarding the impact on Australia, previously, when China’s economy was weak, Australia has been a US ally because it was far more beneficial to do so. However, now as China has become Australia’s largest trading partner with total trade value of \$152,468 billion<sup>24</sup>, there is an increasingly significant economic interdependence between the two countries. It is undeniable that increased trade and investment with the world’s most populated nation will bring enormous profit. The Australian government has to keep a watchful eye on the bilateral relationship, considering noticeably active intelligence activities of China aimed at Australia and the maritime disputes in the South China Sea.<sup>25</sup>

On the other hand, being a long-lasting ally with the United States indicates the obligation for Australia to side with the US in any contest arising with China.<sup>26</sup> The TPP, therefore, has put Australia in a tough position to choose between a sustainable alliance and economic benefits. Deciding to join the TPP has illustrated the strategic plan of Australia to promote deeper ties with its Western friends and through trade stimulation with other signatories, reduce the reliance on China.

Nevertheless, considering that recently President Trump has decided to pull out of TPP, it is suggested that Australia should maintain a geopolitically neutral trade policy and become a Switzerland of Asia.<sup>27</sup> This requires an appropriate foreign policy from the government to keep the balance in relationship with both US and China, as “when whales fight, the shrimp’s back is broken”.

## TPP and its environmental impact:

The TPP creates both opportunities and challenges in the process of improving the environment. Increased trade will lead to an expansion of production, which requires more use of non-renewable resources, hence enhances air and water pollution. Engaging in free trade also open a pathway to transmit weakened environmental regulations between countries. The “Race to the bottom” theory states that countries will lower their environmental standards to make themselves more attractive and competitive to foreign firms.<sup>28</sup> Moreover, expanded international trade will provide an incentive for illegal logging and overfishing due to a wider market.

However, on the positive side, an improvement in economic growth and living standard can provide an incentive to transfer to less polluting sectors as well as decrease the abatement costs due to innovative technologies. Moreover, as people get richer, they care more about the environment they are living in and hence take more actions to protect the environment.

The Environmental Kuznets Curve (EKC) is an inverted U-shape curve that shows the relationship of environmental degradation and economic development.<sup>29</sup> The curve illustrates how at first developing countries have to face the trade-off and

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23 Michael J. Green, 2016, loc.cit

24 Department of Foreign Affairs and Trade, 2014, available at

<http://dfat.gov.au/trade/resources/trade-at-a-glance/pages/default.aspx>

25 Defence Department Secretary Dennis Richardson’s National Press Club Speech, 2017, available at <http://www.theaustralian.com.au/news/inquirer/china-and-america-australia-is-friends-with-both-ally-of-one/news-story/36f9c8b569a8c7330ffa97e4acd19c74>

26 Alan Dupont, 2014. ‘The political and strategic implications of a FTA with China’

27 ‘Brexit, Trump and the TPP mean Australia should pursue more bilateral trade agreements’, available at <https://theconversation.com/brexit-trump-and-the-tpp-mean-australia-should-pursue-more-bilateral-trade-agreements-71330>

28 Richard L. Revesz, 1992 ‘Rehabilitating interstate competition: Rethinking the race-to-the-bottom rationale for federal environmental regulation’

29 Susmita Dasgupta, 2002 ‘Confronting the environmental Kuznets Curve’

sacrifice the environment for economic growth, but eventually, after the turning point, the better economic situation leads to improvement in environmental quality.<sup>30</sup> However, one may criticize

that after achieving a certain level of economic benefits, it may be irreversible to solve some environmental issues, such as the extinction of species. See **figure 3** for further illustration.

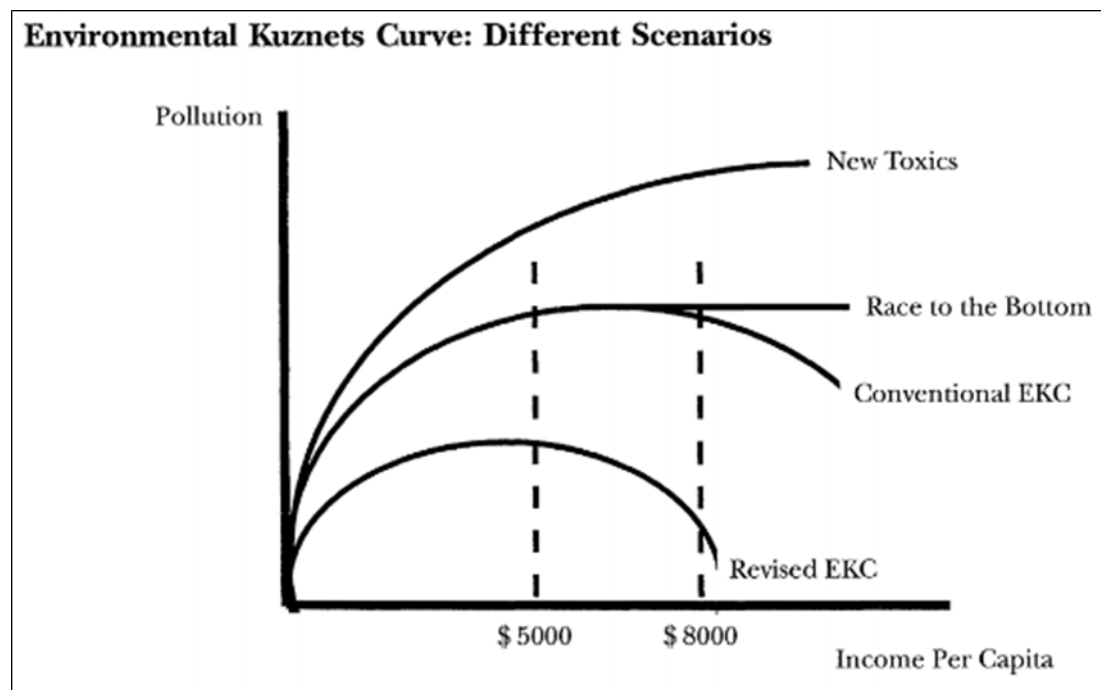


Figure 3: Environmental Kuznets Curve: Different Scenarios

Source: Susmita Dasgupta, 2002<sup>31</sup>

Furthermore, it is argued that developed countries can use trade agreement provisions to make developing countries follow and reinforce specific environmental standards, such as prohibiting and restricting trade of endangered animals and plants. For example, under Article 20.17: Conservation and Trade, Chapter: Environment, TPP regulates the commitment of participating countries to 'fulfil its obligation under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)<sup>32</sup> and fight illegal trade in wild fauna and flora. However, there is little or no enforcement mechanism or proposed punishments for countries failing to undertake any action or address the problem, which makes

environmentalists doubtful about the effectiveness of the provisions. Although fisheries subsidies are addressed as a disincentive to marine conservation, bans on subsidies are only applied for "fishing that negatively affects fish stocks that are in an overfished condition". Expectedly it will be challenging to determine whether 1) the fishing has an adverse effect and 2) the fish stocks are in overfished condition, as the provisions did not clarify specifically how to judge the above categories but only be "based on best scientific evidence available".

On the other hand, TPP fails to address climate change and global warming by not touching fossil fuel subsidies which create the disincentives of demanding environmentally-friendly renewable energy.<sup>33</sup> The

30 David I. Stern, 1996 'Economic growth and environmental degradation: The environmental Kuznets curve and sustainable development'

31 Susmita Dasgupta, loc.cit

32 See TPP full text on Environment Chapter, available at <https://ustr.gov/sites/default/files/TPP-Final-Text-Environment.pdf>

33 Jeffery J. Schott, 2013 'Understanding the Trans-Pacific Partnership: An Overview'

provision of countries cooperating to achieve 'cost-effective... technologies and alternative' (Article 20.15, Chapter 20: Environment)<sup>34</sup> might be used against a country's promoted policies due to the argument that they may not meet the 'cost-effective' condition.<sup>35</sup>

On the other hand, the Investor-State Dispute Settlement (ISDS) provisions included in TPP allow foreign firms to sue domestic government regarding negative impacts on their profits due to domestic law and regulations. Environmentalists have been opposing this provision as they fear that the legislative ability to protect local environment and labour rights will be limited. There have been several actual cases, for example, the lawsuit of Philip Morris Tobacco Company against the Australian regarding plain packaging<sup>36</sup> and Lone Pine Resources Inc. against Quebec Government due to its gas operating licence being suspended<sup>37</sup>. Even if the governments succeed in the court, the time and cost involved in the lawsuits will discourage the officials and lawmakers to implement stringent environmental protections. Hence, it is argued that giving the foreign firms the rights to claim a lawsuit against the government may weaken the policy control, threaten the environmental sustainability and lower health standards.<sup>38</sup>

As President of the United States, Donald Trump has officially withdrawn US from the TPP, the remaining 11 countries may decide to renegotiate the provisions, including the Environment chapter. This presents an opportunity for participants to improve the provisions on Environment protection, one of which is to define "environmental goods" (which is still lack in the Environment Chapter) based on the lifecycle or production instead of by its end-use<sup>39</sup>. Furthermore, Australia can step forward to persuade other TPP countries to lower or eliminate tariffs on environmental goods. This will create an incentive for using more environmentally friendly materials and processes of production, which can lead to less emission of greenhouse gases and slow down the global warming process. Additionally, to enhance the transparency of subsidies, TPP should establish a list

of subsidies (which illustrates the non-actionable ones) imposed by participating nations.

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34 See TPP full text on Environment Chapter, available at <https://ustr.gov/sites/default/files/TPP-Final-Text-Environment.pdf>

35 John A. Mathews, 2015 'Trade policy, climate change and the greening of business'

36 <https://thewest.com.au/news/australia/tobacco-giant-sues-australia-ng-ya-126373>

37 <https://www.desmog.ca/2016/05/25/lone-pine-company-suing-canada-quebec-fracking-ban-aggressively-lobbying-ottawa>

38 John A. Mathews, 2015, op.cit.

39 Joshua P. Meltzer, 2014 'The Trans-Pacific Agreement, the environment and climate change'

## Conclusion:

Australia is indeed better off not to participate in the Trans-Pacific Partnership if the provisions stay the same. There is little benefit to the economy, with only 0.7% increase in GDP, the prolonged waiting period for the tariff elimination to enter into force and noticeable loss in the pharmaceutical sector. There may be adverse environmental impacts due to the “Race to the Bottom” theory and the investor-state dispute settlement. Politics will be the only sector that has significant benefit from the TPP, with the strategic relationship and alliances with the US.

The withdrawal of the United States of America from TPP has left the remaining countries “a very big omelette to unscramble”.<sup>40</sup> However, there are still a lot of possible options, one of which is to renegotiate and keep the TPP. In this case, Australia can take the leading role of the US and fight for more preferential access to markets with shorter waiting periods, or try to get rid of the investor-state dispute settlement and extended IP protection provisions. Yet, it might be “meaningless” if the US is not participating, said Shinzo Abe, Japan’s Prime Minister<sup>41</sup>. This is because many of the policies and regulations were with the purpose of getting entry to America’s market.

Another way to solve the problem is to let China lead the role of US. China has vowed to establish a larger regional free trade agreement with 21 countries including the US, which is the Free Trade Area of the Asia-Pacific (FTAAP)<sup>42</sup>. However, there is little evidence that the agreement will be a success, given President Trump’s view of international trade and his “America First” policy.

A suitable alternative may be the Regional Comprehensive Economic Partnership (RCEP) between Australia, China, India, Japan and ASEAN countries which represent around 30% of the world’s GDP. However, this partnership is far less ambitious as it only aims at lowering tariffs of member nations, though it may still work as the current tariff level in Asia is relatively high, which means the tariff cuts will hopefully have a significant enough impact. On the other hand, the wariness of other countries regarding

China’s export juggernaut is also worth considering as a barrier to the success of the agreement. Refer to **figure 4** for the comparison of participating countries in the three different Asia-Pacific trade agreements.



Figure 4: Proposed Asia-Pacific trade agreements

Source: the Economist<sup>43</sup>

Australia may also want to fill the hole created by the collapse of TPP by involving in bilateral agreements with countries it has not signed an agreement with. This will be a quicker and more efficient process, as trade deals are negotiated directly between the two parties. Moreover, Australia can get greater economic benefits out of a bilateral agreement as it is more economic-based than politic-based. Concerning Australia already has bilateral agreements with US, Japan, Chile, New Zealand and ASEAN (which includes Singapore, Malaysia, Brunei and Vietnam), there are only 3 countries left to be negotiated.

In summarising, although the TPP’s future is ambiguous, it is still worthy to study as it sets a higher

40 Former Australian Trade Minister Andrew Robb in his speech with ABC TV, January 2017, available at <http://www.abc.net.au/news/2017-01-24/donald-trump-tpp-federal-government/8207250>

41 Japan Prime Minister Shinzo Abe’s speech in Argentina, November 2016, available at <http://www.reuters.com/article/us-japan-tpp-abe-idUSKBN13G2IK>

42 <http://www.economist.com/news/asia/21710287-big-free-trade-deals-demise-leaves-worrying-void-asia-trading-down>

43 ibid.

standard for future regional trade agreements regarding broader areas such as Intellectual Property Rights, labour rights and environmental regulations.

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