



**Australian Government**  
**Department of Foreign Affairs and Trade**

A/g Deputy Secretary

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Dear Mr McNamara

**Certification of independent review or other similar mechanism: the Trans-Pacific Partnership Agreement**

The Australian Government has recently concluded negotiations of the Trans-Pacific Partnership (TPP) Agreement with 11 other Asia-Pacific economies, namely Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, the United States and Vietnam. The Department of Foreign Affairs and Trade is now seeking approval to sign and implement the TPP.

I am writing to certify that the attached TPP Analysis of Regulatory Impact on Australia (ARIA) has undertaken a process and analysis equivalent to a Regulatory Impact Statement (RIS). I also certify that the TPP ARIA process has adequately addressed all seven RIS questions, as detailed below.

*Questions 1 and 2: what is the problem you are trying to solve, and why is government action needed?*

Parts 2 and 3 of the ARIA explain the policy settings and objectives underlying the TPP. For Australia, it is appropriate that we aim to shape the rules liberalising trade and investment in the Asia-Pacific. The TPP brings together 12 Asia-Pacific economies representing around 40 per cent of the global economy. In light of the region's importance to Australian commerce and significance in the world trading system, and the opportunities offered by its growing economies, the TPP as a step towards a Free Trade Agreement integrating the Asia-Pacific economies establishes a new paradigm allowing Australia to realise its economic potential within the region. A regional deal is greater than the sum of its parts. Australia's existing FTAs with TPP parties have not fully addressed the barriers and restrictions which limit the extent of our trade and investment. In addition, Australia does not have FTAs with Canada, Mexico and Peru. Importantly, preferential outcomes done on a regional basis will provide supply chain efficiencies throughout our region.

*Question 3: What policy options are you considering?*

Part 4 of the ARIA details the other options that were available in pursuing the

objective of concluding a high-quality trade agreement with the 11 other TPP countries. Pursuing multilateral trade negotiations in the World Trade Organization (WTO), seeking to conclude the Regional Comprehensive Economic Partnership, and entering into separate bilateral FTA negotiations with the TPP countries with which we do not have existing FTAs and seeking to amend and enhance the existing eight bilateral FTAs, were all considered. While negotiating global outcomes through the WTO remains the optimal trade policy, its achievability is in question. There is uncertainty over the achievability, timeliness and efficiency of other options, not to mention the quality of the outcomes that might be expected.

*Question 4: What is the likely net benefit of each option?*

Parts 5 and 6 of the ARIA detail the benefits to the Australian economy expected to result from implementation of the TPP. The TPP delivers significant market access outcomes for Australian goods and services exporters, modern and balanced outcomes in investment, government procurement and intellectual property, and provisions which will lower the cost of business and create new trade policy to address contemporary trade challenges. Australian exporters, investors, businesses and consumers are expected to benefit from market openings, the creation of global value chains, more transparent and predictable rules, and lower prices under the TPP.

*Question 5: Who will you consult about these options and how will you consult them?*

Part 7 of the ARIA details the broad consultations the Department of Foreign Affairs and Trade has already undertaken with business, industry, civil society, Commonwealth Government agencies and the States and Territories, as well as the feedback received. This Part also describes the Department's future outreach strategy and plans for ongoing consultations.

*Question 6: What is the best option from those you have considered?*

The ARIA concludes that of the options available, signing and implementing the TPP is the best and most timely means by which to meet the Government's objective of concluding a high-standard, ambitious, comprehensive, and balanced agreement that will diversify the economy, drive jobs, and promote economic growth and innovation for Australia.

*Question 7: How will you implement and evaluate your chosen option?*

Part 9 of the ARIA details the legislative and other changes that would be required in order for Australia to implement the TPP. This part also details the provisions in the TPP governing entry into force, withdrawing from the TPP, and the evaluation mechanism which will review the operation of the TPP over future years.

*Regulatory Burden and Cost Offset*

The TPP does not impose any additional regulatory burden on Australian

businesses, and is expected to result in a small reduction in ongoing business compliance costs for Australian exporters to TPP Parties. The table below sets out the regulatory burden arising from the TPP and has been agreed with the OBPR.

<b>Regulatory burden and cost offset estimate table</b>				
<b>Average annual regulatory costs (from business as usual)</b>				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0.147	\$0	\$0	\$0.147
Cost offset (\$ million)	Business	Community organisations	Individuals	Total, by source
Agency	\$0	\$0	\$0	\$0
Are all new costs offset? <input type="checkbox"/> Yes, costs are offset <input type="checkbox"/> No, costs are not offset <input checked="" type="checkbox"/> Deregulatory—no offsets required				
Total (Change in costs – Cost offset) (\$ million) = \$0.147				

Further detail regarding the regulatory burden and cost offset of the TPP may be found in the Attachment to the ARIA.

In light of the above, I am satisfied that the attached ARIA meets best practice consistent with the *Australian Government Guide to Regulation*.

Yours sincerely



Justin Brown