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OSIA tells TPP-11 backers to cut out the spin

Economic models relied on by BCA, MCA & AFR described as obsolete and misleading

Open Source Industry Australia Ltd

2 July 2018

TPP supporters & respected journalists are citing obsolete TPP-12 economic models as “evidence” to garner support for TPP-11, ignoring its substantial reduction in market scope following the USA’s withdrawal from the deal and the 22 suspensions introduced by CPTPP. To counter that misinformation OSIA, in evidence before the JSCOT inquiry’s 1 June public hearing¹, renewed its call for the treaty to be referred to the Productivity Commission for independent, current & credible economic modelling.

OSIA previously noted in its submission to JSCOT on TPP-11² that the results of the TPP-12 models fell within the margin of error for these sorts of results. Both OSIA and the ACTU³ then highlighted that point in their testimony. With the TPP-11 market less than half that of TPP-12, those results provide even less of a guide to the economic benefits, if any, that TPP-11 may bring to Australia.

At the hearing, the Minerals Council⁴ spruiked the PIIE model⁵ to justify the marginal benefits associated with the treaty. The original PIIE report was published in 2016, before the US withdrew, with an update in 2017, before the CPTPP text became public. Despite TPP’s market scope having been cut in half & 22 suspensions introduced, those models are still being cited as justification to enter into the treaty, in June 2018.

“I note that the Peterson model was released in October 2017. That was four months before the final text of CPTPP was published,” said OSIA Company Secretary Jack Burton in his evidence before the Melbourne hearing, “So the Peterson Institute, like us … were … flying blind at that stage”. PIIE later suggested that the USA may return to the CPTPP but US officials would also likely want other changes in TPP to validate President Trump’s claim that it would have to be a far better deal for America.⁶.

¹ pp. 10–17 of the proof transcript, available at http://parlinfo.aph.gov.au/parlInfo/download/committees/commjnt/d2c78ab8-faba-43ec-be99-e37450126286/toctoc_pdf/Joint%20Standing%20Committee%20on%20Treaties_2018_06_01_6196.pdf; fileType=application%2Fpdf

²Burton, J. & Phillips, M., *Submission to JSCOT re CPTPP*, OSIA, 20 April 2018, s. 2.4–2.6, pp. 5–6. Available at http://osia.com.au/f/osia_sub_201804_jscot.pdf

³pp. 22–28 of the proof transcript.

⁴pp. 1–9 of the proof transcript

⁵Petri, P. & Plummer, M., *The Economic Effects of the Trans-Pacific Partnership: New Estimates*, Peterson Institute for International Economics, January 2016. Available at <https://piie.com/publications/wp/wp16-2.pdf>

⁶Schott, J., *Why Reconsidering the TPP Might Attract Trump*, Peterson Institute For International Economics, 28 February 2018. Available at <https://piie.com/blogs/trade-investment-policy-watch/why-reconsidering-tpp-might-attract-trump>

Even though TPP was negotiated in secret, largely for the USA's benefit, it seems even that is not enough: there may still be further restrictions introduced, to the detriment of Australia's economy. Yet it seems the original PIIE study is still considered 'valid' for current & possible future changes to CPTPP.

The GRIPS paper⁷ was published in January 2017 on the basis that the US was still involved, which is no longer the case. That obsolete information was used by the Business Council of Australia in its submission⁸ to JSCOT. The same obsolete results, including some of the graphics, were then portrayed as another example justifying CPTPP by esteemed journalist Laura Tingle in the Financial Review.⁹.

That's why OSIA, in its evidence at the JSCOT hearing, renewed its call for the Productivity Commission to model independently the effects of TPP-11 on the Australian economy using valid and recent data. "If Australia is going to enter into an agreement with such low expectations, our government should at least rely on accurate, timely models," said OSIA Chairman Mark Phillips, just after his appearance before the JSCOT inquiry, "Isn't it about time we did our own homework and let the Productivity Commission do their job? Australia should not ratify an agreement based on faulty scenarios."

About Open Source Industry Australia Ltd

Open Source Industry Australia Ltd (OSIA) represents & promotes the Australian open source software industry by:

- Ensuring that the Australian business, government and education sectors derive sustainable financial and competitive advantage through the adoption of open source and open standards;
- Helping Australian Governments achieve world leadership in providing a policy framework supportive of open standards and of the growth and success of the Australian open source industry; and
- Ensuring Australia's global standing as the preferred location from which to procure open source services & products.

OSIA's members are organisations in Australia who invest in or build their future on the unique advantages of open source software.

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⁷Kawasaki, K., *Emergent Uncertainty in Regional Integration – Economic impacts of alternative RTA scenarios*-, National Graduate Institute for Policy Studies, January 2017. Available at

<https://www.gtap.agecon.purdue.edu/resources/download/8404.pdf>

⁸<https://www.aph.gov.au/DocumentStore.ashx?id=35f70200-932c-4e69-941b-b1671c4bd33a&subId=565282>

⁹Tingle, L., *TPP-11 deal to boost Australian GDP by \$18b a year* Australian Financial Review, 11 March 2018. Available at <https://www.afr.com/news/tpp11-deal-to-boost-australian-gdp-by-18b-a-year-20180309-h0x9i8>