

## Quick Introduction to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

### **1. What is the Trans-Pacific Partnership Agreement (TPPA)?**

- The Trans-Pacific Partnership Agreement (TPPA) is a comprehensive and high standard trade agreement between 12 Pacific Rim nations: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.
- The TPPA was concluded on 5 October 2017 in Atlanta and signed by twelve parties on 4 February 2016 in Auckland, New Zealand.
- Following the withdrawal of the US on 23 January 2017, the TPPA cannot be implemented.

### **2. Why the TPPA cannot be implemented?**

- Article 30.5 of the TPPA requires ratification of at least 6 countries, accounting for 85% of the total GDP of the 12 countries, to bring it into force. The US' GDP constitutes about 60% of the combined GDP of the 12 TPP members.

### **3. What is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)?**

- It is an agreement negotiated by the TPP11 as a way forward to implement the TPPA.
- After the US withdrawal, the TPP Ministers from the remaining 11 member countries met on 21 May 2017 in Hanoi, Vietnam and affirmed the economic and strategic importance of the TPP, particularly as a vehicle for regional economic integration. The Ministers agreed to task the Senior Officials to explore possible ways to implement the TPPA without US participation.

- In order to facilitate the Senior Officials' discussion, the TPP Ministers set the following guiding principles:
  - maintain momentum and act decisively in a timely manner;
  - maintain the high standards and balance of the TPPA and prevent unraveling of the Agreement;
  - maintain the commercial and strategic interests of all participants; and
  - facilitate the implementation of the agreement by all original signatories.
  
- On 9-10 November 2017 in Da Nang, Viet Nam, Ministers of the 11 TPP countries reached an agreement on the core elements and way forward to implement the TPPA. The 11 members agreed on the text of the Agreement and renamed it as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
  
- The CPTPP incorporates the provisions of the TPPA text with a limited number of provisions suspended. The CPTPP maintains the high standard and comprehensive nature of the TPPA. The new agreement needs to be signed and ratified by the 11 TPP countries.
  
- To date, there are a total of 20 suspended provisions agreed by all parties. Further work is ongoing before the Agreement is finalized for signature.

#### **4. How did Parties decide on the provisions to be suspended?**

- Items in the suspension list were agreed by consensus. The proposals made by Parties were based on the guiding principles agreed by all Parties. The proposed suspensions must be:
  - rules-related, limited in number and will maintain the high standards and balance among signatories;
  - necessary to facilitate the implementation of the agreement by all signatories; and
  - applicable to all.

## **5. Did Malaysia propose any suspension?**

- Items in the suspension list include provisions which are of interest to Malaysia that are related to pharmaceuticals and copyright, delayed commencement of the government procurement further negotiations to include sub-central procurement and limiting the scope of ISDS.
- The suspension will allow Malaysia to freeze the earlier agreed commitments under the TPPA and also provide a longer transition period for Malaysia to continue with our current policies and practices.
- Most of the suspended provisions were mainly requested by the US in the TPPA negotiations.

## **6. In the absence of the US, why is Malaysia interested to join the CPTPP?**

- The suspension of a limited number of provisions provides a strong and clear indication that all 11 countries would want to maintain the high standard and comprehensive nature of the Agreement. This agreement could be the benchmark and reference for future FTAs.
- As Malaysia's areas of concern have been addressed, there is no reason for Malaysia to withdraw its participation from the CPTPP. In fact, Malaysia will reap benefits as one of the first movers in this agreement.
- In the CPTPP, Malaysia will have three new FTA partners, namely Canada, Mexico and Peru. Staying out of the CPTPP means Malaysia would have to undertake lengthy and difficult negotiations to conclude bilateral FTAs with these countries.
- In addition, there are other parties in the Asia Pacific region which have openly registered their interest to join the TPP/CPTPP, including some ASEAN countries.

**7. When can we expect the CPTPP to be signed? What is the way forward?**

- In Da Nang, the CPTPP parties have agreed on the core elements of this agreement but need to continue finalising remaining issues and complete technical work.
- Upon completion of all outstanding work including legal scrubbing and translation from English to Spanish and French, the date of signing will be decided by consensus. It is expected that the work programme would start in early 2018.