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APEC Business Advisory Council  
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## Business Perspectives on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership

May 1, 2024

Dear Honourable Ministers,

Facing an increasingly challenging global trade environment, business leaders from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) economies encourage action to ensure the CPTPP remains the “gold standard” trade pact in the region and beyond, as you underscored was your aim at the last CPTPP Commission Meeting on 15 November 2023.

Members of the APEC Business Advisory Council (ABAC) from CPTPP economies appreciate your interest in business perspectives on the performance, utilisation, review, and updating of the CPTPP. It is our view that together, we can unlock new opportunities for businesses and create meaningful outcomes that foster resilience, security, sustainability, and inclusive economic growth. ABAC members from CPTPP Economies (CPTPP-ABAC Members) offer the following recommendations on how the agreement can be improved through the General Review.

### **Performance – “Functioning largely as intended with challenges to its full potential.”**

CPTPP-ABAC Members’ consensus is that the CPTPP has been functioning largely as intended since its inception in 2018. Encompassing an economic zone accounting for nearly 16 per cent of the global GDP, it has succeeded in [lowering trade barriers](#) for 580 million consumers, increasing accessibility, enhancing predictability, and creating new opportunities for all CPTPP economies.

CPTPP has been particularly important in the face of rising challenges including the COVID-19 pandemic, supply chain disruption, geopolitical tensions, rising protectionism, rapid digital transformation, and climate change impacts—all of which have demanded significant business resilience and agility. From 2018-2021, intra-CPTPP trade saw a 5.5% growth, and for those who did not have an existing FTA before joining the CPTPP, an [even stronger jump of 13.2%](#).

Nonetheless, the full potential of the CPTPP is yet to be realized. For the upcoming General Review, it is crucial to keep the agreement relevant and ambitious. This means giving a fresh push to fully implementing current rules and ensuring they work well, completing the ‘unfinished business’ of the agreement in respect of comprehensive market access, and updating the agreement to ensure it continues to set the “gold standard” to which Ministers have committed is essential.

### **Completing the unfinished business of CPTPP 1.0**

The CPTPP Preamble refers to a “comprehensive regional agreement”. In some cases, however, the original commitments in the CPTPP do not provide full and comprehensive tariff-free, quota-free market access. This precludes the realisation of commercially-meaningful access in some sectors. In addition, and until full market access liberalization is achieved, experience with the Agreement has shown that greater clarity and predictability

is needed to ensure gold-standard tariff quota administration practices which do not undermine commercial opportunities.

- The Review must take a fresh look at the market access commitments made by members, to ensure comprehensive and commercially-meaningful access is provided.

**Utilisation – “Provide a comprehensive CPTPP Digital Platform to aid MSME utilisation.”**

While many businesses have benefitted from the implementation of the CPTPP, the primary challenges conveyed by businesses involve the complexity of its rules, particularly those concerning rules of origin. Understanding and complying with these rules can be especially difficult for micro, small, and medium-sized enterprises operating in the region to incorporate in their business models. To mitigate these challenges, more investment is needed to simplify the administrative burden and reduce the risk of non-compliance, although we acknowledge and welcome the existing online resources already provided by CPTPP members, for example the “tariff finder” tools of Canada and New Zealand, or the FTA Portal and SME landing page of Australia, as mandated in the groundbreaking SME Chapter of CPTPP.

- CPTPP members could consider establishing a CPTPP digital tool to provide more easily accessible, comprehensive trade information and guidance for businesses, particularly MSMEs, to make informed decisions and better utilize the CPTPP, for example in areas such as rules of origin (ROO). A useful model here could be [Access2Markets](#), the European Union’s online platform for determining ROO.
- Analysis on the levels of utilization of the Agreement could also help to illuminate areas which might require further attention to ensure that the opportunities it includes are commercially-meaningfully and accessible to all.

**Review and Update - “Advances in Digital, Sustainability and Inclusion need to be reflected.”**

To remain relevant, we agree with the Ministers’ statement at the last CPTPP Commission meeting that the CPTPP should be “dynamic and living,” and that the Agreement should demonstrate leadership in emerging issues in areas such as the digital and green economy. We welcome the Terms of Reference for the Review that were agreed last November.

Beyond strengthening the existing activities and committees of the CPTPP, the Agreement must be modernised to include new and emerging developments pertaining to digital transformation, sustainability, and inclusion.

**1. Digital Transformation:** Digital technologies represent the greatest areas of change for trade agreements, like CPTPP, for they underpin today’s trade activity and economic growth. This centrality is reflected in the emergence of a suite of digital-only trade agreements among various CPTPP members since the Agreement was signed, such as the Digital Economy Partnership Agreement, the Singapore-Australia Digital Economy Agreement and others, including the prospective ASEAN Digital Economy Framework Agreement. These initiatives include provisions in a range of innovative areas not covered in the existing CPTPP E-Commerce Chapter. In addition, ‘now and next’ digital issues like Artificial Intelligence and Cybersecurity require agile and interoperable approaches. The CPTPP must be updated to address this transformation in both digital technologies and in approaches to digital economy governance.

- To facilitate digital trade and build digital trust, existing provisions including the chapter on e-commerce should be broadened to reflect the evolution of approaches to cross-border data flows (including in respect of agreeing a prohibition on forced data localization of financial services data) and to personal information protection (including potentially through a reference to the APEC Cross-Border Privacy Rules). In other areas, such as paperless trade and domestic electronic transactions frameworks, provisions should be updated to reflect the highest level of ambition internationally in these areas, including alignment with the UNCITRAL Model Law on Electronically Transferrable Records (MLETR).

- Further, the chapter should be updated to include emerging issues such as e-invoicing, e-payments, digital identities, data innovation, fintech and regtech, standards and conformity assessment, and open government data, with special mention of Artificial Intelligence, where members should commit to support multi-stakeholder efforts to develop good governance frameworks. Any review of digital regulations should also be mindful of developments in digital governance structures in relevant agreements to ensure the complimentary nature of the CPTPP. Attention should also be given to existing innovative regional initiatives, including ABAC's Digital Trade Connect Network – a multi-market initiative that is digitalizing supply chains, logistics and trade.
- Recognising that digital trade can unlock inclusion, but only if our people, businesses, and economies are suitably equipped for this, consideration should also be given to agreeing to invest in capacity building for cyber and digital skills as well as regulatory capacity-building.
- To support inclusive growth, member economies should establish a 'New Services Agenda' to enable and build capacity for digital trade. This would entail investigating and implementing the most impactful trade provisions to facilitate digital trade, as well as investigating ways to encourage wider adoption of cross-border paperless trade.
- CPTPP-ABAC members would also like to reiterate widespread business support for the CPTPP provisions aligned with the WTO Moratorium on electronic transmissions. We strongly advocate for the continuation of the WTO Moratorium which facilitates the growth of the digital economy by reducing digital trade barriers.

**2. Sustainability:** As global decarbonization and biodiversity preservation efforts are prioritized by public and private institutions, the CPTPP should enhance the linkages between trade and environmental issues.

- The liberalization of trade areas that accelerate decarbonization (such as environmental goods and services, and the elimination of inefficient fossil fuel subsidies) may be promoted alongside new standards to integrate environmental and social governance principles within trade practices, as well as updated disciplines on fisheries subsidies, where CPTPP has been the global leader until recently. This will become increasingly more important as many economies implement sustainability-related policies in trade.

**3. Inclusion:** Improvements to include groups with untapped potential including MSME's, women, and indigenous communities are essential for the inclusive growth of CPTPP economies. Targeted provisions aimed at promoting inclusive participation and the reduction of barriers to entry should be considered within all aspects of the CPTPP, as should dedicated new provisions targeted at women, MSMEs and Indigenous entrepreneurs, building on some of the innovative approaches that have been developed by CPTPP members in these areas in recent years. Knowledge exchange to report the status of implementation and outreach to communicate the benefits of the Agreement to the broader business sectors of CPTPP economies will also be essential to realizing widespread and effective utilisation of the CPTPP.

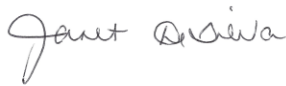
- To enhance inclusion and overall utilization of the CPTPP, strategic trade missions and partnerships should play a key role in encouraging the commercial exchange and use of CPTPP. Strategic workplans that identify priority markets and create sector-specific market activation programs are needed in to provide targeted market access for key sectors to priority member markets with an interest in their solutions. An example of a successful model is the World Trade Centre- Toronto's Smart City Market Activation Program with Spain. This is a targeted national trade development program that assists trade-ready Canadian companies within the Smart Cities sector to build their export strategies and access procurement opportunities in Spain and Europe in support of the Canada-European Union Trade Agreement (CETA).
- CPTPP economies may also learn from existing bilateral and multilateral agreements with provisions and policies aimed at enhancing inclusion such as the [Indigenous Peoples Economic and Trade](#)

[Cooperation Arrangement](#) and the [Sustainable and Inclusive Trade Declaration of the Australia-New Zealand Closer Economic Relations Trade Agreement](#).

Lastly, we believe that strengthening the secretariat function is essential for the full implementation and effective utilization of the CPTPP. An efficient secretariat function to the CPTPP is needed to keep it current with the growth and digital transformation happening within member economies. Mechanisms to facilitate the accession of new economy members, should also be institutionalized. Such improvements should be incorporated to create a more conducive process to update and implement provisions and obligations in the CPTPP considering the long-term goal of establishing a permanent secretariat.

These recommendations aim to strengthen the CPTPP's effectiveness, promote economic growth, and create a supportive environment for businesses in the Asia-Pacific region. We commend Ministers for undertaking this review and urge your continued collaboration with the private sector – including through in-person meetings in the margins of APEC engagements, as we were delighted to join in San Francisco last November – to ensure that the CPTPP retains its position as the preeminent trade agreement in the world, unleashing resilient, inclusive, and sustainable growth in our economies.

Sincerely,



Jan De Silva  
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*On behalf of ABAC members from Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.*

c.c. Julia Torreblanca, ABAC Chair 2024, ABAC Peru