



SERC Sdn Bhd

Socio-Economic Research Centre

The Multiplicative Effects of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

9 March 2022



Overview of CPTPP

- The **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** is a new **multilateral free trade agreement (FTA)** between 11 countries: **Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam.**
- The **CPTPP** was concluded on 23 January 2018 in Tokyo, Japan and **signed on 8 March 2018 in Santiago, Chile.** In 2020, CPTPP countries accounted around **6.6% of the worlds population (0.5 billion persons), 12.7% of global GDP (US\$10.7 trillion), 14.9% of global trade (US\$5.3 trillion), and 20.8% of global FDI flows (US\$207.3 billion).**
- It was an abridged version of the Trans-Pacific Partnership (TPP) Agreement (signed but not yet in force) which included the United States. The elected President Trump has withdrawn the US from the TPP Agreement while the remaining 11 countries remained in the trade block, which renamed as CPTPP.



Source: World Bank; United Nations Conference on Trade and Development (UNCTAD); International Monetary Fund (IMF)

Snapshot of CPTPP member countries

All 11 countries are members of the **Asia-Pacific Economic Cooperation (APEC)**.



**Asia-Pacific
Economic Cooperation**



Country	GDP (US\$ billion)	GDP per capita (US\$)	Total Trade (US\$ billion)	Population (million)
Australia	1,330.9 [-0.3%]	56,307.3	458.8	25.7
Brunei	12.0 [-1.5%]	32,402.4	11.4	0.4
Canada	1,643.4 [1.1%]	48,617.1	804.4	38.0
Chile	252.9 [0.7%]	14,050.2	130.8	19.1
Japan	5,048.7 [2.8%]	40,120.3	1,275.9	125.8
Malaysia	336.7 [2.2%]	11,637.4	424.0	32.4
Mexico	1,076.2 [-1.7%]	9,322.3	810.9	128.9
New Zealand	212.5 [3.6%]	37,922.2	76.1	5.1
Peru	202.0 [1.3%]	5,685.4	78.5	33.0
Singapore	340.0 [1.4%]	56,349.0	692.4	5.7
Vietnam	271.2 [7.0%]	2,123.5	545.4	97.3
CPTPP	10,726.4	305,148.5	5,308.4	511.5

Data as at 2020; % in parenthesis refers to CAGR in 2016-2020

Source: World Bank, IMF

Overview of CPTPP (cont.)

Entry into Force and Status of Ratification

30 December 2018

- The CPTPP has entered into force for **Australia, Canada, Japan, Mexico, New Zealand and Singapore.**



14 January 2019

- The CPTPP has entered into force for **Vietnam.**



19 September 2021

- The CPTPP has entered into force for **Peru.**



- The CPTPP will enter into force for **Brunei, Chile and Malaysia** 60 days after they complete their respective ratification processes.



Malaysia

- Malaysia's Ministry of International Trade and Industry (MITI):
 - "Malaysia is **currently on track in ratifying the CPTPP**, pending a detailed and clear mandate from the Cabinet." (Sep 2021)
 - "Malaysia aims to ratify the CPTPP by the **third quarter of 2022.**" (Mar 2022)
- **Remaining Act amendments required to ratify CPTPP:**
 1. **Employment Act 1955**
 2. **Trade Unions Act 1959**
 3. **Labour Ordinance (Sabah Chapter 67)**
 4. **Labour Ordinance (Sarawak Chapter 76)**
 5. **Communications and Multimedia Act 1998**

Overview of CPTPP (cont.)

New Admission – Current applicants



United Kingdom

1 February 2021

- The United Kingdom became **the first nation to formally apply to join the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP)**.

2 June 2021

- **Unanimous decision** by all CPTPP countries to **begin the accession process with the UK**.
- The Accession Working Group (AWG): “It is a dedicated mechanism for negotiations between the UK and CPTPP Parties. The First AWG Meeting will convene soon.”

15 June 2021

- The UK announced that it had reached a trade agreement with Australia. Negotiations are ongoing with New Zealand. The Government believes that joining CPTPP would increase trade and investment opportunities for the UK in a fast-growing region.



China

May 2020

- China’s Premier Li Keqiang said that **China was willing to consider joining CPTPP**.

November 2020

- During the Asia-Pacific Economic Cooperation (APEC) Summit, China’s President Xi Jinping said that **China would “actively consider” joining CPTPP**.

16 September 2021

- China, the world’s second-biggest economy, **filed an application to join the CPTPP**.

Overview of CPTPP (cont.)

New Admission – Current applicants (cont.)



Taiwan

2016

- Taiwan expressed a strong desire and hope to join TPP in 2016. After TPP's evolution to CPTPP in 2018, **Taiwan indicated its will to continue efforts to join CPTPP.**

23 September 2021

- Taiwan **officially submitted an application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).**



Ecuador

December 2021

- Ecuador has **filed its application to join the CPTPP** trade pact as the country moves to reduce its reliance on oil and diversify its economy through exports.

New Admission – Potential applicants

2018

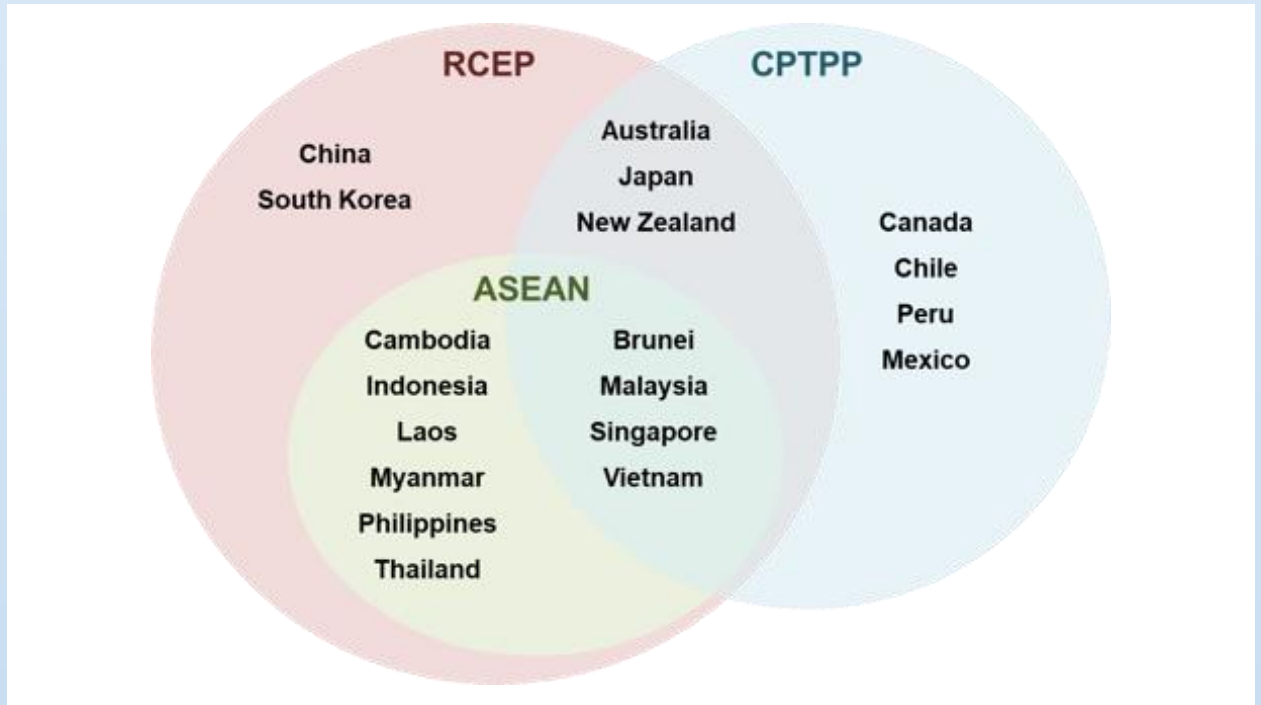
- Colombia, Indonesia, South Korea and Thailand** have announced their interest to join CPTPP.

3 February 2021

- Philippines** has announced interest to join CPTPP.

Overview of CPTPP vs. RCEP and ASEAN

Asia-Pacific trade groupings



World

RCEP

CPTPP

ASEAN

GDP (US\$ billion), % of global GDP

81,912.6



25,927.9
30.6%

10,726.4
12.7%

2,982.5
3.5%

Population (million), % of world population

7,752.8



2,277.6
29.4%

511.5
6.6%

667.1
8.6%

Total trade (US\$ billion), % of global trade

35,578.2



10,091.0
28.4%

5,308.4
14.9%

2,653.2
7.5%

Data as at 2020
Source: World Bank, IMF

Scope of CPTPP



Standard Legal Scope/Chapter	Traditional FTA Scope/Chapter	CPTPP: New Scope/Chapter	
Chapter			
1 – Initial Provisions	2 – National Treatment & Market Access for Goods	11 – Financial Services	17 – State-owned Enterprises (SOEs)*
27 – Administrative & Institutional Provisions	3 – Rules of Origin	12 – Temporary Entry for Business Persons	19 – Labour*
28 – Dispute Settlement	4 – Textiles & Apparel	13 – Tele-communications	20 – Environment*
29 – Exceptions and General Provisions	5 – Customs Administration	14 – E-Commerce	23 – Development
30 – Final Provision	6 – Trade Remedies	15 – Government Procurement**	24 – SMEs
	7 – Sanitary and Phytosanitary	16 – Competition Policy	25 – Regulatory Coherence
	8 – Technical Barriers to Trade	18 – Intellectual Property	26 – Transparency and Anti-Corruption
	9 – Investment	21 – Cooperation & Capacity Building	
	10 – Cross Border Services	22 – Competitiveness and Business Facilitation	

* New scope for Malaysia

RCEP has included the scope of government procurement, but limited coverage.

Scope of CPTPP (cont.)

CPTPP: New Scope/Chapter for Malaysia

Government Procurement (GP):

- **Government procurement of goods and services** — from the purchase of office supplies to large construction projects — accounts for approximately 15% of a country's Gross Domestic Product, according to the World Trade Organization (WTO). Commitments address barriers in government procurement, **allowing companies of CPTPP countries to have more opportunities to bid for government projects that were previously unavailable to foreign bidders.**
- Under the CPTPP, Malaysia's businesses will benefit from **guaranteed and expanded market access with existing trading partners, and new opportunities in Canada, Mexico and Peru.**
- The CPTPP GP chapter is largely based on the revised WTO Agreement on Government Procurement (GPA), to which Canada, Japan, New Zealand and Singapore are also party. The CPTPP builds on the WTO GPA's rules regarding non-discrimination, transparency and procedural fairness for covered government procurement activities.
- The Agreement does not automatically apply to all government procurements. The coverage varies according to the market access schedules (i.e. annexes) of each party. These identify the covered entities at the central and sub-central government level, other covered entities such as Crown corporations, the applicable contract-value thresholds, the specific goods, services and construction services covered, general exceptions, and applicable transitional measures.

State-owned Enterprises (SOEs):

- State-owned enterprises (SOEs) are commercial entities that are owned or controlled through ownership interests by governments.
- The CPTPP acknowledges the right of governments to establish monopolies or SOEs to further specific public policy objectives, but also seeks to ensure that they do not unduly hamper the free flow of trade. Accordingly, the state-owned enterprises and designated monopolies chapter establishes rules to promote fair competition and prevent market distortion by governments.

Labour:

- CPTPP provides the opportunity to raise and improve labour standards and working conditions in CPTPP member countries through an ambitious level of obligations. The CPTPP contains enforceable labour rights and obligations, and reaffirms the commitments of the 11 parties to respect internationally recognized labour rights and principles and to effectively enforce their domestic labour laws.
- CPTPP's labour provisions encourage public participation and allow the public to raise concerns. The Agreement also foresees cooperation between the parties and is subject to the Agreement's dispute settlement mechanism.

CPTPP: New Scope/Chapter for Malaysia (cont.)

Environment:

- The CPTPP includes core commitments for parties to maintain robust environmental governance by upholding high standards of environmental protection and effectively enforcing environmental laws in the context of liberalized trade.
- The Agreement also builds new areas to address key global environmental challenges, and establishes a binding and enforceable dispute resolution process to address questions regarding compliance.
- This includes recourse to the broader CPTPP dispute settlement mechanism if countries are unable to resolve the matter through consultation and cooperation. The enforcement of the environment chapter's obligations through the Agreement's dispute settlement mechanism is a first for Malaysia.

Overview of CPTPP vs. RCEP

CPTPP	RCEP
<ul style="list-style-type: none">• Coverage: More ambitious in terms of scope though narrower but it is deeper into “sensitive” and “contentious” areas• More depth and wider scope	<ul style="list-style-type: none">• Coverage: Less ambitious than the CPTPP in scope and depth• RCEP is both wider and shallower in issues concerning labour, environment standards, intellectual property and investor state protection
<ul style="list-style-type: none">• About 30 different chapters – Aim for stricter common standards on labour issues, environmental protection and dispute resolution, transparency, state-owned enterprises, anti-corruption than those proposed in the RCEP	<ul style="list-style-type: none">• 20 chapters – Focusing on harmonizing barriers and procedures in regional trade, and setting “lowest common denominator” standards between member countries

Overview of CPTPP vs. RCEP (cont.)

Chapters under CPTPP vs. RCEP

Chapter	CPTPP	RCEP
• Chapter 1 – Initial Provisions and General Definitions	✓	✓
• Chapter 2 – National Treatment and Market Access for Goods	✓	✓
• Chapter 3 – Rules of Origin and Origin Procedures	✓	✓
• Chapter 4 – Textile and Apparel Goods	✓	✗
• Chapter 5 – Customs Administration and Trade Facilitation	✓	✓
• Chapter 6 – Trade Remedies	✓	✓
• Chapter 7 – Sanitary and Phytosanitary Measures	✓	✓
• Chapter 8 – Technical Barriers to Trade	✓	✓
• Chapter 9 – Investment	✓	✓
• Chapter 10 – Cross-Border Trade in Services	✓	✓
• Chapter 11 – Financial Services	✓	✓
• Chapter 12 – Temporary Entry for Business Persons	✓	✓
• Chapter 13 – Telecommunications	✓	✓
• Chapter 14 – Electronic Commerce	✓	✓ Limited coverage
• Chapter 15 – Government Procurement	✓	✓ Limited coverage

Overview of CPTPP vs. RCEP (cont.)

Chapters under CPTPP vs. RCEP (cont.)

Chapter	CPTPP	RCEP
• Chapter 16 – Competition Policy	✓	✓
• Chapter 17 – State-Owned Enterprises and Designated Monopolies	✓	✗
• Chapter 18 – Intellectual Property	✓	✓
• Chapter 19 – Labour	✓	✗
• Chapter 20 – Environment	✓	✗
• Chapter 21 – Cooperation and Capacity Building	✓	✓
• Chapter 22 – Competitiveness and Business Facilitation	✓	✓
• Chapter 23 – Development	✓	✗
• Chapter 24 – Small and Medium-Sized Enterprises	✓	✓ Limited coverage
• Chapter 25 – Regulatory Coherence	✓	✗
• Chapter 26 – Transparency and Anti-Corruption	✓	✗
• Chapter 27 – Administrative and Institutional Provisions	✓	✓
• Chapter 28 – Dispute Settlement	✓	✓
• Chapter 29 – Exceptions and General Provisions	✓	✓
• Chapter 30 – Final Provisions	✓	✓

Multiplicative effects of CPTPP



Comprehensive market access

- It eliminates tariffs and other non-tariff barriers on a wide range of goods and services for trade and investment, so as to **create new opportunities for workers and businesses as well as generate immediate benefits for consumers**. The CPTPP eliminates an estimated 95% of tariffs for trade of goods between CPTPP countries.
- It **supports the growing services and digital sectors, assist businesses of all sizes to trade, and provide greater opportunities to bid for government contracts**.
- CPTPP market access commitments in services sectors provide greater openness and certainty over the conditions under which Malaysian businesses can provide services to overseas clients.
- It **provides greater opportunities for Malaysian businesses** to bid for government contracts in CPTPP markets – particularly in Canada, Mexico and Peru.
- The CPTPP includes commitments to ensure that economies at all levels of development, and businesses of all sizes, can benefit from the enhanced trade. To that end, small-and medium-sized businesses will be helped to understand what has been agreed, take advantage of its opportunities, and bring their unique challenges to the attention of the CPTPP governments.



Raising standards

- The CPTPP will help to **raise labour and environmental standards** in the region, **reduce the impact of unfair practices**, and **promote sustainable development**.
- For example, the CPTPP is a world-first for including a **prohibition on granting or maintaining subsidies that contribute to illegal, unreported or unregulated (IUU) fishing or that negatively affect over-fished stocks**. This is a meaningful contribution to achieving the UN Sustainable Development Goal 14 (on fish subsidies and addressing collapsing fishing stocks before 2020).
- CPTPP also ensures Parties have put in place **laws and practices governing minimum wages, hours of work, and occupational safety and health**.

Multiplicative effects of CPTPP (cont.)



Benefits for SMEs

- CPTPP can benefit Malaysia's SMEs by enhancing their ability to participate in and benefit from opportunities flowing from the agreement and international trade by:
 - **Elimination of tariffs and reduction in non-tariff barriers** in Asia-Pacific export markets;
 - **Common and transparent trade and investment rules** between 11 Asia-Pacific countries assisting in the **reduction of administration costs**;
 - Rules that **encourage SMEs' participation in government procurement opportunities** in all CPTPP countries, including the requirement for suppliers to have access to an independent review body when procurement processes do not comply with the rules;
 - Commitments addressing a number of 21st century trade and investment issues, including **rules against corruption; reducing unfair competition by the State-Owned Enterprises; and ensuring a liberalised environment for electronic commerce**; and
 - Longer term integration benefits facilitating **better access to regional supply chains for goods and services** (also known as Global Value Chains).





Market transparency and stability

- The CPTPP Transparency and Anti-corruption Chapter **promotes transparency in the making and implementation of laws, regulations and government decisions.** Building on World Trade Organization (WTO) rules, CPTPP Parties are required to ensure that their laws, regulations, procedures, and administrative rulings of general application regarding any matter covered by the CPTPP are made publicly available. To the extent possible, the Parties will also:
 - Provide interested persons with an opportunity to comment on proposed measures;
 - Allow a reasonable time period between publication and entry into force of relevant measures; and
 - Publish an explanation of the purpose and rationale for central government regulations of general application, and consider any comments received.
- CPTPP offers Malaysia's services suppliers **improved protection, predictability and transparency for conducting business in partner markets.**
- The agreement **promotes fair business practices** and creates a level playing field with enforceable rules in the areas of **international labour and environmental standards.**
- CPTPP assists Malaysian businesses by **encouraging competition** with large, commercial state-owned enterprises based on quality and price rather than discriminatory regulation or favouritism.



Multiplicative effects of CPTPP – Individual Economy

Several studies showed that all CPTPP member countries would gain in terms of:



GDP



Exports and Imports



Tariff Liberalization



Trade in Services



Exports and Imports

Studies	Economic Impact
<p>World Bank</p>	<ul style="list-style-type: none"> • Estimated increases in exports for members range from 2.8% (US\$127.5 billion) for CPTPP in standard simulations without productivity effects. Again, these are larger if it is assumed that trade liberalization boosts productivity. • Under CPTPP, imports for all member countries are projected to increase by 2.7% (US\$127.2 billion). • The highest growth of exports and output under the CPTPP are projected to occur in food and beverages, wearing apparel, and textiles. Due to a strong reduction in tariffs and NTMs, food and beverages will benefit the most in terms of growth rates and in absolute/dollar increases. Their collective exports will expand by 28% in 2030, boosting production within the CPTPP by almost 5%. • Exports of Wearing apparel and Textiles will expand by 13% and 6% in total, originating mostly from Vietnam and Malaysia. Reduction of barriers will further deepen Vietnam and Malaysia specialization in these sectors. • Other sectors that will see a substantial output and export increase in dollar value include: Transport equipment (largely from Japan) and Chemical, rubber, plastic products (from Malaysia and Singapore), Machinery and equipment, n.e.c. (from Malaysia and Singapore).

Multiplicative effects of CPTPP – Individual Economy (cont.)



GDP and Economic Welfare

Studies	Economic Impact
World Bank	<ul style="list-style-type: none"> FTAs with a wider membership and larger scale are expected to produce higher aggregate economic gains in terms of increased GDP and trade flows. In 2030, CPTPP is projected to increase the overall members' GDP by 0.4% (US\$74.3 billion). All CPTPP members would experience estimated GDP increases, with the highest in percentage terms for Brunei Darussalam (1.9%), Vietnam (1.1%), Peru (1.0%) and Malaysia (1.0%). Their GDP expansion will be driven by significant tariff and NTMs reductions and improved market access to their main CPTPP trading partners. All CPTPP members will be able to improve its economic performance, with Vietnam, Malaysia, Peru, and Singapore reaping the highest benefits. Japan (the greatest economy within the CPTPP) presents the highest GDP increase in absolute terms – by US\$31 billion. While Mexico and Chile will experience the lowest GDP growth due to low share of trade with CPTPP in Mexico and already liberalized trade with Chile. It is estimated that all income groups of the population will benefit under CPTPP, with higher-skilled workers in the top 60% of the income distribution being the greater beneficiaries.
Peterson Institute for International Economics (PIIE)	<ul style="list-style-type: none"> The CPTPP is estimated to increase world real income by \$147 billion by 2030, with most countries benefiting except for non-members such as China, India, South Korea, Thailand, and the United States. The potential benefits from the two mega-regional trade agreements (CPTPP and RCEP) for Asia (including nonmembers) far exceed gains the agreements are expected to generate in the rest of the world. About one-third of the CPTPP global benefits will go to Japan, with \$46 billion in gains. Other significant winners will include Malaysia, Canada, Mexico, and Vietnam.
Asian Development Bank (ADB)	<ul style="list-style-type: none"> ASEAN countries that have joined CPTPP can expect additional opportunities. For example, it could help Brunei Darussalam diversify its economy away from oil and gas. It could allow Singapore to have local presence in accounting, consulting, and engineering in other CPTPP members. For Viet Nam, it would bring footwear, textiles, and electronic products to Canada, Mexico, and Peru, with whom it has had limited trade relations. Malaysia could also gain from the expansion of its export market having positive impact on employment.

Multiplicative effects of CPTPP – Individual Economy (cont.)



Tariff Liberalization

Studies	Economic Impact
<p>World Bank</p>	<ul style="list-style-type: none"> • Under CPTPP, tariffs are reduced to minimum levels and NTMs are reduced significantly across all countries. Canada, New Zealand, Vietnam, and Japan will benefit from the greatest declines in average trade weighted tariffs faced in exporting to CPTPP economies (e.g. from 3.1% to 1.7% for Canada). In turn, Vietnam, Malaysia, Canada will reduce their tariff protection the most (e.g. Vietnam's average trade weighted tariffs imposed over CPTPP partners will be down by 2.8%). • Trade liberalization will facilitate the increase in total exports and imports of the considered FTAs ranging from almost a 3% increase for CPTPP members. The highest percentage increase in exports will be observed in Vietnam, Malaysia and New Zealand under the CPTPP.



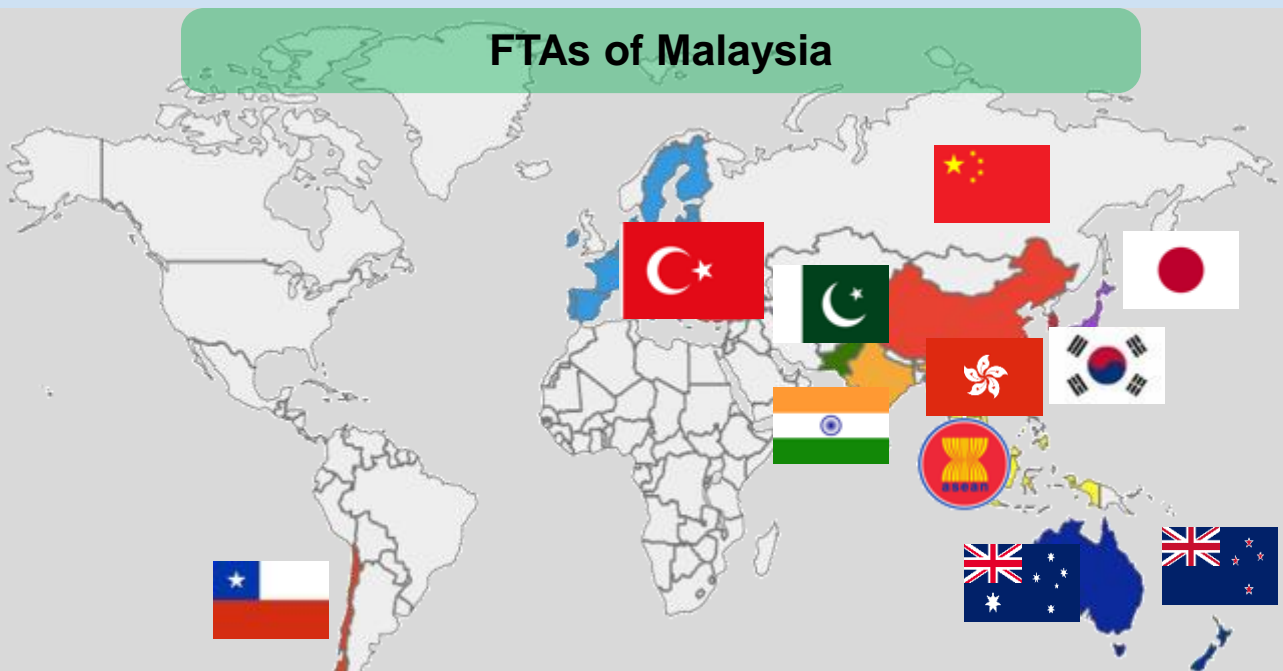
Trade in Services

Studies	Economic Impact
<p>Center for Strategic and International Studies (CSIS)</p>	<ul style="list-style-type: none"> • The CPTPP liberalizes trade in services and cements free cross-border data transfer and trade in digital goods, which could be expected to fuel trade in digitally deliverable services. This has been an area of robust growth for CPTPP members' bilateral flows—at least through 2018, the end of currently available data on bilateral services, and the year the CPTPP was signed. That year, Australia, Japan, New Zealand, and especially Singapore expanded their services exports to the CPTPP region, albeit against the backdrop of very robust growth in services exports to other parts of the world. • Japan, Malaysia, New Zealand, and Singapore boosted their exports of digitally deliverable services (e.g. computing, professional, and engineering services that can be delivered online) to fellow CPTPP members. • Malaysia has also had strong, 16% growth in its digitally deliverable services to the CPTPP region. Data that will come in during the period 2022-23 will provide more insights into patterns after the CPTPP was signed.

Malaysia's FTAs

- Malaysia has signed **16 FTAs** and implemented **14 FTAs** (7 bilateral FTAs and 7 regional FTAs).
- **Almost 30% of Malaysia's trade involves CPTPP Members and 29% of Malaysia's exports go towards the countries covered by CPTPP** (26.3% of total trade in 2021; exports share: 29.0%; imports share: 22.9%).
- Currently, Malaysia is still **on track to ratify the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)**. After ratifying and implementing CPTPP, it would **expect to boost Malaysia's GDP (additional 1% as indicated by World bank)** and have **positive effects on trade and income**. As trade barriers reduce, trade is expected to increase leading to a greater specialisation of firms within participating countries. As firms specialise, capital and labour will be reallocated to the most competitive and productive activities in the economy leading to an overall change in the composition of economic output.

FTAs of Malaysia



Malaysia has already signed and implemented **7 bilateral FTAs** with **Japan, Pakistan, New Zealand, India, Chile, Australia, and Turkey**.

While at the ASEAN level, Malaysia has **7 regional FTAs** with **ASEAN Free Trade Agreement (AFTA), China, South Korea, Japan, Australia-New Zealand, India, and Hong Kong**

FTAs currently under negotiation:

- Malaysia-European Free Trade Area Economic Partnership Agreement (MEEPA)

FTAs signed but pending ratification and entry into force:

- Regional Comprehensive Economic Partnership (RCEP) – signed on 15 November 2020 and will enter into force on 18 March 2022.
- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** – signed on 8 March 2018

Source: MITI

Malaysia's trade with CPTPP partners

Top 3 Major Trading Partners (CPTPP members)



Singapore

RM267.1 billion (12.0%)



Japan

RM149.0 billion (6.7%)



Vietnam

RM69.3 billion (3.1%)

Total trade with CPTPP partners in 2021

RM billion

**CAGR
(2016-2021)**

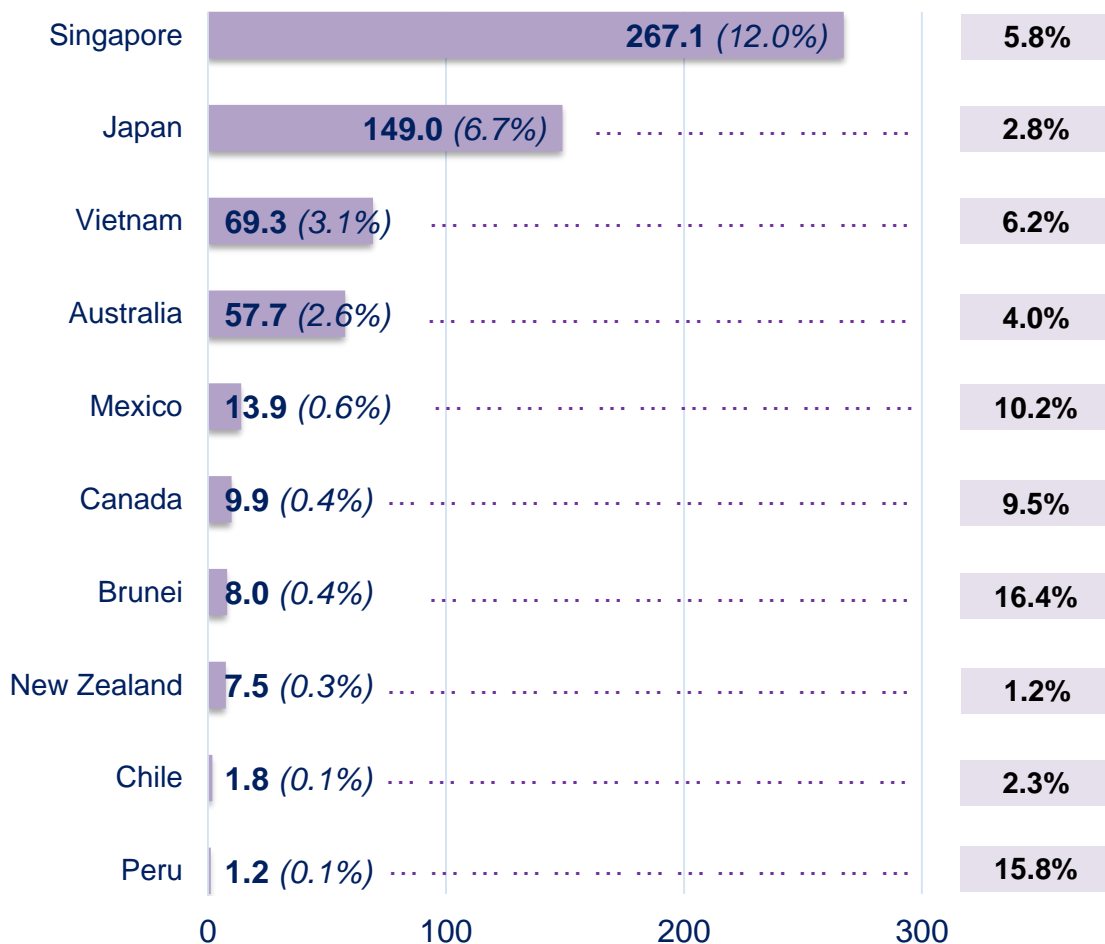








Figure in parenthesis indicates % share of total trade
Source: DOSM

Malaysia's trade with CPTPP partners (cont.)

Top 3 Major CPTPP Trading Partners

			
	Singapore	Japan	Vietnam
Exports	RM173.4 billion (14.0%)	RM75.3 billion (6.1%)	RM45.5 billion (3.7%)
			
	Singapore	Japan	Vietnam
Imports	RM93.7 billion (9.5%)	RM73.7 billion (7.5%)	RM23.8 billion (2.4%)

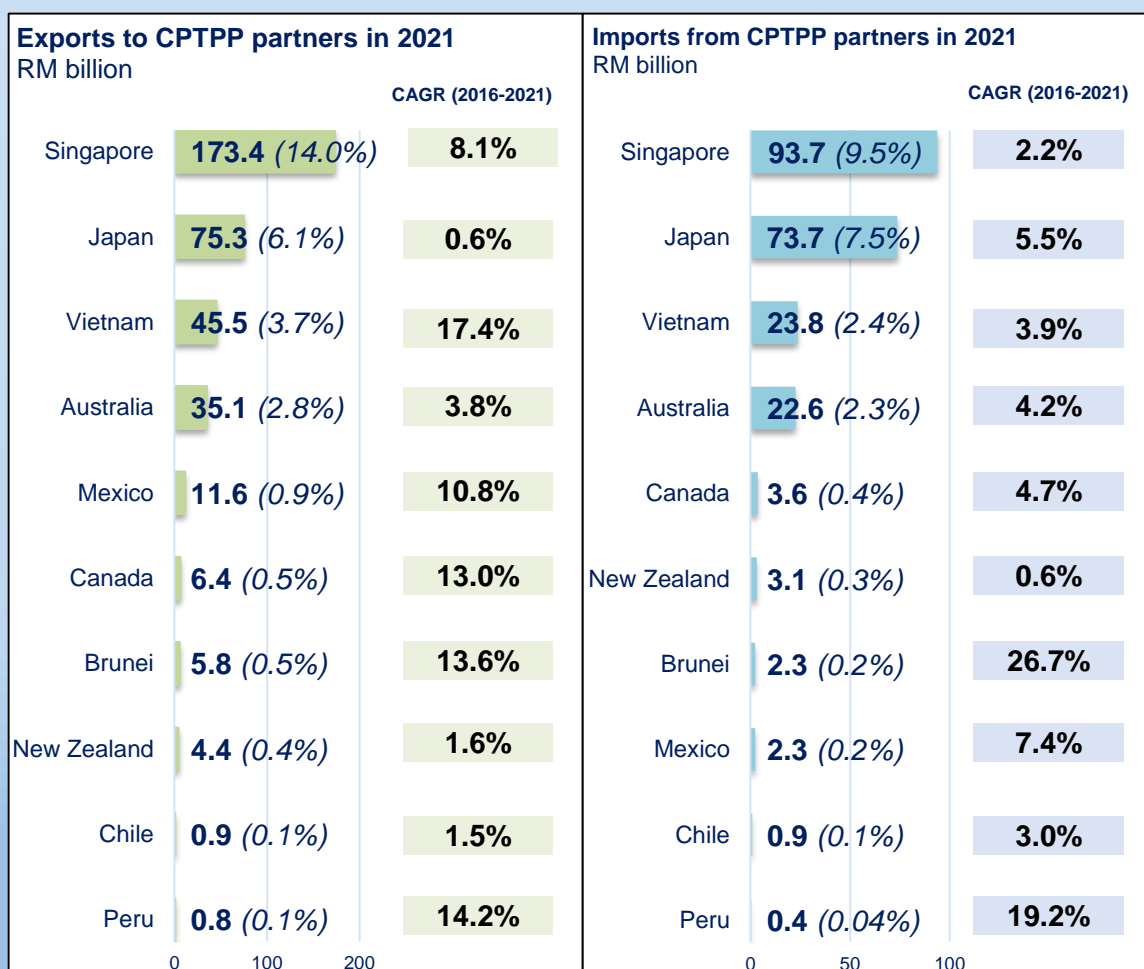


Figure in parenthesis indicates % share of total exports/imports
Source: DOSM

Malaysia's major export products to CPTPP members

10 CPTPP Partners	RM mil	% share
Electrical & electronic products	133,069	37.0%
Mineral fuels & oils	68,792	19.2%
Machinery & equipment	30,153	8.4%
Plastic products	12,516	3.5%
Optical & medical equipment	12,207	3.4%
Others	102,438	28.5%
Total Exports	359,175	100.0%



Malaysia's major export products to each of the CPTPP partners (2021)



Australia	RM mil	% share
Mineral fuels & oils	15,729	44.8%
Machinery & equipment	3,301	9.4%
Electrical & electronic products	2,789	7.9%
Plastic products	1,757	5.0%
Rubber products	1,347	3.8%
Others	10,222	29.1%
Total Exports	35,145	100.0%



Brunei	RM mil	% share
Mineral fuels & oils	3,260	56.4%
Preparations of cereals, etc.	270	4.7%
Machinery & equipment	251	4.3%
Pharmaceutical products	179	3.1%
Miscellaneous edible preparations	165	2.9%
Others	1,651	28.6%
Total Exports	5,776	100.0%



Canada	RM mil	% share
Rubber products	2,141	33.7%
Electrical & electronic products	1,426	22.4%
Aircraft, spacecraft & parts	482	7.6%
Machinery & equipment	409	6.4%
Furniture products	298	4.7%
Others	1,601	25.2%
Total Exports	6,357	100.0%



Chile	RM mil	% share
Rubber products	240	25.5%
Fertilisers	157	16.7%
Furniture products	70	7.4%
Animal or vegetable fats & oils	69	7.4%
Electrical & electronic products	65	6.9%
Others	339	36.1%
Total Exports	939	100.0%

Note: Product category by HS code
Source: DOSM

Malaysia's major export products to CPTPP members (cont.)



Japan	RM mil	% share
Electrical & electronic products	22,083	29.3%
Mineral fuels & oils	19,458	25.9%
Rubber products	3,227	4.3%
Plastic products	3,030	4.0%
Optical & medical equipment	3,004	4.0%
Others	24,468	32.5%
Total Exports	75,270	100.0%



Mexico	RM mil	% share
Electrical & electronic products	7,133	61.5%
Machinery & equipment	966	8.3%
Aluminium products	833	7.2%
Rubber products	270	2.3%
Optical & medical equipment	268	2.3%
Others	2,119	18.3%
Total Exports	11,590	100.0%



New Zealand	RM mil	% share
Mineral fuels & oils	641	14.5%
Fertilisers	460	10.4%
Animal or vegetable fats & oils	417	9.4%
Electrical & electronic products	389	8.8%
Machinery & equipment	372	8.4%
Others	2,140	48.4%
Total Exports	4,419	100.0%



Peru	RM mil	% share
Rubber products	159	20.1%
Miscellaneous edible preparations	141	17.8%
Mineral fuels & oils	100	12.6%
Glass & glassware	84	10.7%
Electrical & electronic products	69	8.7%
Others	237	30.0%
Total Exports	791	100.0%



Singapore	RM mil	% share
Electrical & electronic products	80,341	46.3%
Mineral fuels & oils	23,786	13.7%
Machinery & equipment	19,448	11.2%
Optical & medical equipment	7,105	4.1%
Plastic products	3,878	2.2%
Others	38,829	22.4%
Total Exports	173,386	100.0%



Vietnam	RM mil	% share
Electrical and electronic products	18,665	41.0%
Mineral fuels & oils	5,767	12.7%
Machinery & equipment	3,211	7.1%
Plastic products	3,090	6.8%
Aluminium products	1,933	4.2%
Others	12,837	28.2%
Total Exports	45,502	100.0%

Note: Product category by HS code

Source: DOSM

Malaysia's major import products from CPTPP members

10 CPTPP Partners	RM mil	% share
Electrical & electronic products	63,102	27.9%
Mineral fuels & oils	39,206	17.3%
Machinery & equipment	16,390	7.2%
Pearls, precious stones & metals	15,710	6.9%
Plastic products	9,836	4.3%
Others	82,100	36.3%
Total Imports	226,343	100.0%



Malaysia's major import products from each of the CPTPP partners (2021)



Australia	RM mil	% share
Mineral fuels & oils	6,518	28.9%
Copper products	3,134	13.9%
Ores, slag & ash	2,315	10.3%
Inorganic chemicals	2,097	9.3%
Cereals	1,228	5.4%
Others	7,270	32.2%
Total Imports	22,562	100.0%



Brunei	RM mil	% share
Mineral fuels & oils	1,932	85.6%
Ships, boats & floating structures	131	5.8%
Organic chemicals	59	2.6%
Machinery & equipment	31	1.4%
Residues from food industries	18	0.8%
Others	85	3.8%
Total Imports	2,257	100.0%



Canada	RM mil	% share
Fertilisers	883	24.7%
Plastic products	396	11.1%
Electrical & electronic products	296	8.3%
Aluminium products	196	5.5%
Cereals	195	5.5%
Others	1,601	44.9%
Total Imports	3,567	100.0%



Chile	RM mil	% share
Ores, slag and ash	566	62.7%
Fish & other aquatic invertebrates	64	7.0%
Fruit & nuts	41	4.6%
Pulp of wood & other fibrous cellulosic material	34	3.8%
Wood & wood products	28	3.2%
Others	169	18.8%
Total Imports	903	100.0%

Note: Product category by HS code

Source: DOSM

Malaysia's major import products from CPTPP members (cont.)



Japan	RM mil	% share
Electrical & electronic products	25,293	34.3%
Machinery & equipment	8,178	11.1%
Iron & steel	5,340	7.2%
Vehicles	5,333	7.2%
Pearls, precious stones & metals	4,440	6.0%
Others	25,129	34.1%
Total Imports	73,712	100.0%



Mexico	RM mil	% share
Electrical & electronic products	1,094	47.5%
Machinery & equipment	314	13.6%
Optical & medical equipment	251	10.9%
Vehicles	225	9.7%
Fish & other aquatic Invertebrates	89	3.8%
Others	332	14.4%
Total Imports	2,304	100.0%



New Zealand	RM mil	% share
Dairy products, eggs, honey and edible products of animal origin	1,767	56.6%
Meat & edible meat offal	150	4.8%
Preparations of cereals, etc	150	4.8%
Wood & wood products	136	4.4%
Fruits & nuts	125	4.0%
Others	792	25.4%
Total Imports	3,120	100.0%



Peru	RM mil	% share
Ores, slag & ash	281	64.7%
Cocoa & cocoa preparations	64	14.8%
Salt; sulphur, earths, stones	24	5.6%
Fish & other aquatic Invertebrates	21	4.9%
Copper products	12	2.7%
Others	31	7.2%
Total Imports	434	100.0%



Singapore	RM mil	% share
Electrical & electronic products	27,424	29.3%
Mineral fuels & oils	26,890	28.7%
Pearls, precious stones & metals	10,378	11.1%
Machinery & equipment	5,941	6.3%
Plastics products	4,278	4.6%
Others	18,812	20.1%
Total Imports	93,722	100.0%



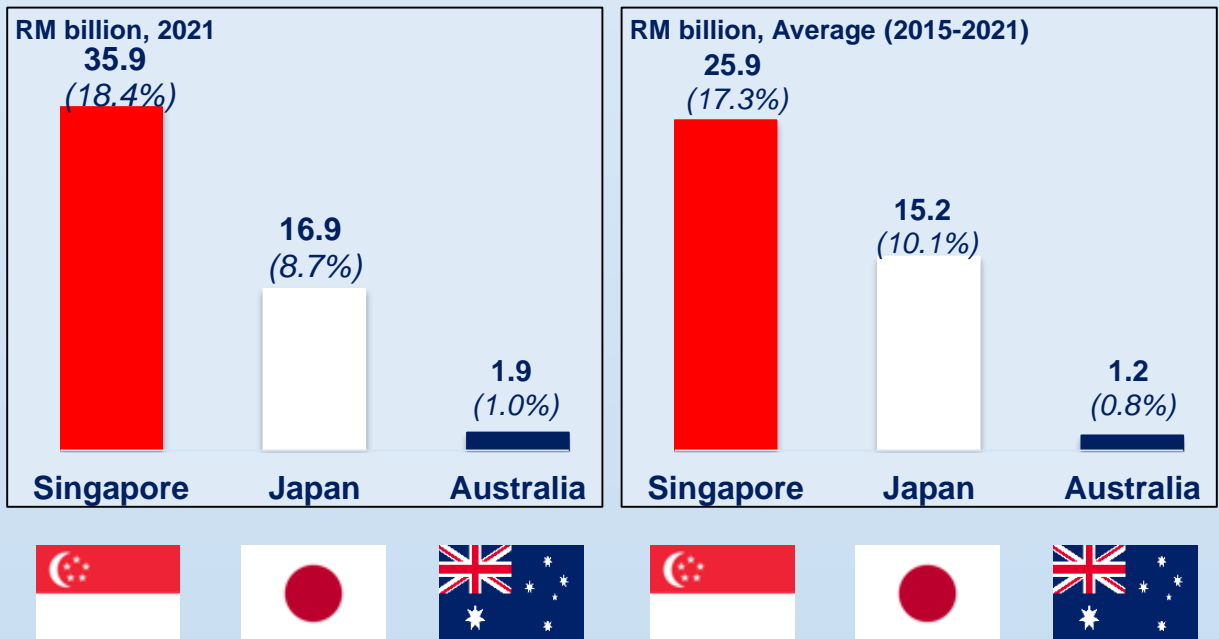
Vietnam	RM mil	% share
Electrical & electronic products	8,844	37.2%
Iron & steel	2,855	12.0%
Machinery & equipment	1,557	6.6%
Mineral fuels & oils	1,202	5.1%
Glass & glassware	722	3.0%
Others	8,583	36.1%
Total Imports	23,763	100.0%

Note: Product category by HS code
Source: DOSM

Malaysia's investment relation with CPTPP partners

Gross Foreign Direct Investment (FDI)

Gross FDI in Malaysia by selected CPTPP partners



Gross Direct Investment Abroad (DIA)

Gross DIA from Malaysia to selected CPTPP partners

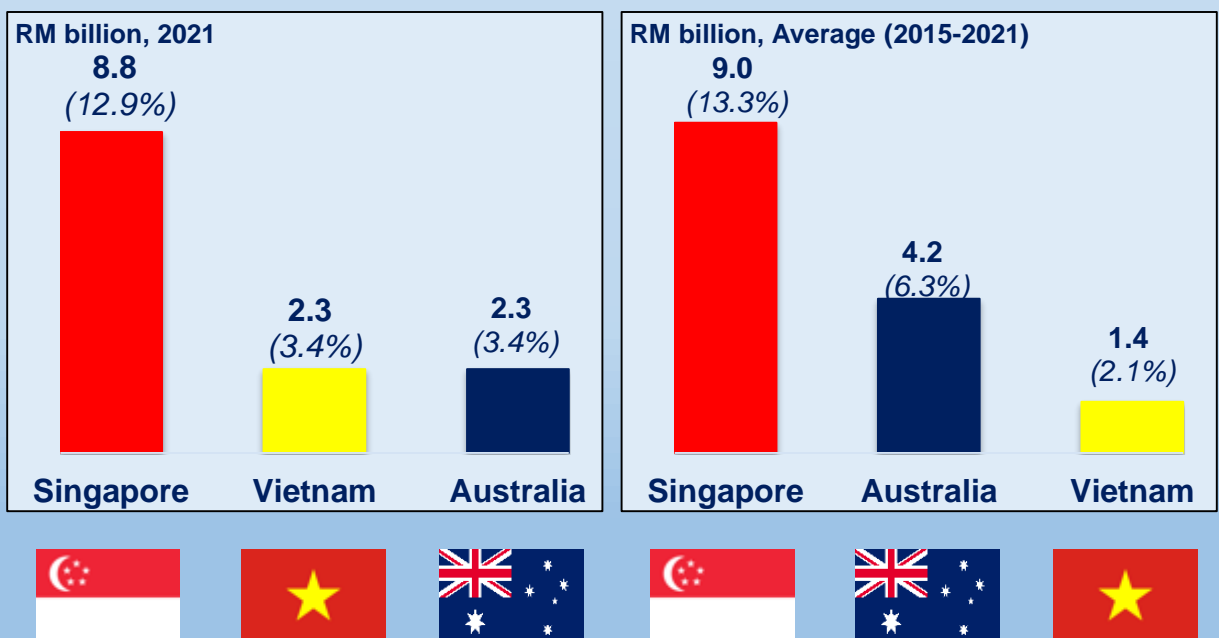


Figure in parenthesis indicates % share to total gross FDI /DIA flows
Source: BNM

Malaysia's investment relation with CPTPP partners (cont.)

FDI Stock and DIA Stock

FDI & DIA stock in Malaysia by selected CPTPP partners

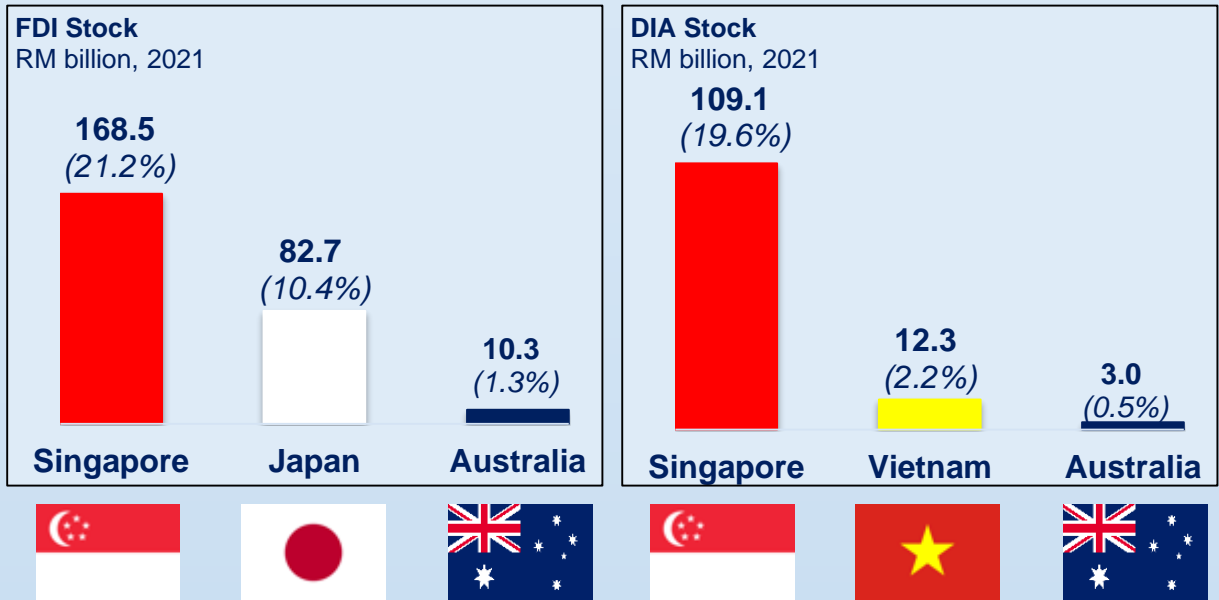


Figure in parenthesis indicates % share of total FDI/DIA stock

Approved RCEP partners' manufacturing investment in Malaysia

Approved manufacturing investment in Malaysia by selected CPTPP partners

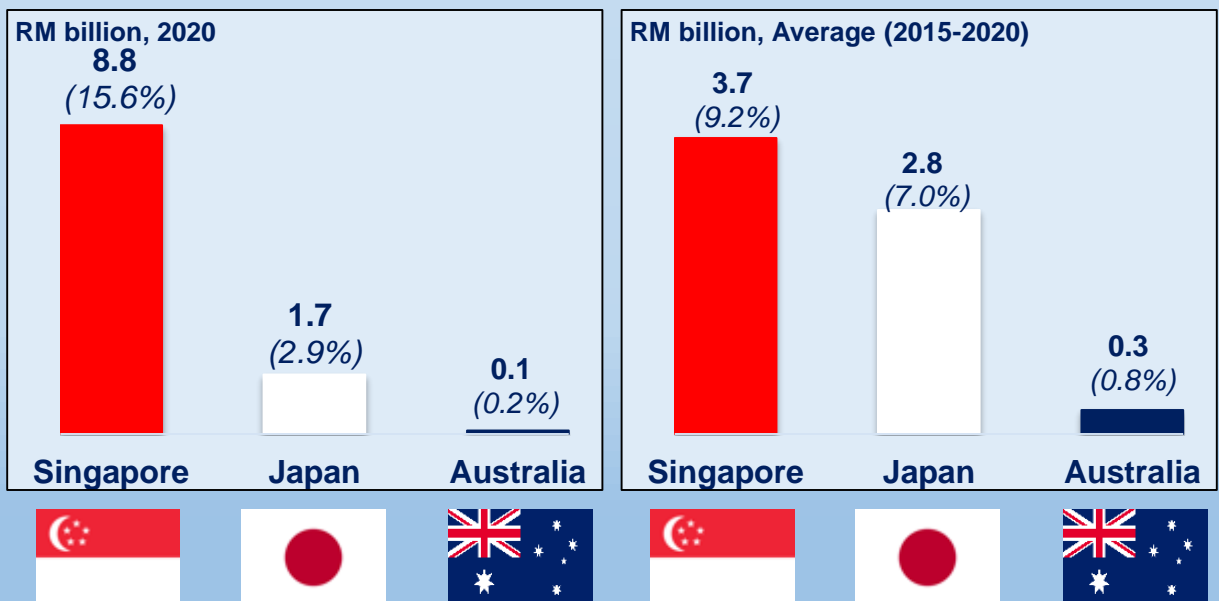


Figure in parenthesis indicates % share of total approved manufacturing investment

Source: BNM; MIDA

Tariff Commitments: CPTPP vs. RCEP

Malaysia's Tariff Commitments in CPTPP and RCEP

"Malaysia's imported goods from CPTPP partners and RCEP partners"

	CPTPP	CPTPP	RCEP	RCEP
By category	Number of tariff lines	Share of tariff lines	Number of tariff lines	Share of tariff lines
Before implementation,				
Tariff lines are enjoying zero tariff rate [^]	6,098	64.7%	6,086	64.6%
After implementation, tariff lines will reduce to zero tariff rate in:				
Year 1	1,968	20.9%	504	5.3%
Year 3	220	2.3%	-	-
Year 6	552	5.9%	-	-
Year 8	18	0.2%	-	-
Year 10	-	-	1,252	13.2%
Year 11	454	4.8%	-	-
Year 13	32	0.3%	-	-
Year 15	-	-	573	6.1%
Year 16	71	0.8%	-	-
Year 20	-	-	69	0.7%
Tariff rate will be reduced but not to be zero-rated	-	-	250	2.7%
Tariff lines will be excluded from any commitment of tariff reduction or elimination	12*	0.1%	691 [#]	7.3%
Total =	9,425	100.0%	9,425	100.0%

[^] The base rates of duty set out reflect Malaysia's Most Favoured-Nation (MFN) rates of duty in effect on 1 January 2010 for CPTPP and 1 January 2014 for RCEP.

* Refer to HS010511900 (Other than breeding fowls [live] – weighing not more than 185g), HS010594190 (Other than breeding fowls [live] – weighing not more than 2kg); HS020711000 (Meat and edible offal: Of fowls of the species *Gallus domesticus* [Not cut in pieces, fresh or chilled]); HS020712000 (Meat and edible offal: Of fowls of the species *Gallus domesticus* [Not cut in pieces, frozen]), HS020713000 (Meat and edible offal: Of fowls of the species *Gallus domesticus* [Cuts and offal, fresh or chilled]), HS020714000 (Meat and edible offal: Of fowls of the species *Gallus domesticus* [Cuts and offal, frozen]), HS040711000 (Fertilised species *Gallus domesticus* eggs for incubation), HS040719100 (Fertilised duck eggs for incubation), HS040721000 (Fresh species *Gallus domesticus* eggs), HS040729100 (Fresh duck eggs), HS040790100 (Species *Gallus domesticus* - Other than fresh eggs and fertilised eggs for incubation), HS040790200 (Ducks - Other than fresh eggs and fertilised eggs for incubation)

[#] Include tariff lines under TQ and no tariff reduction after Year 20.

Source: SERC calculates; Malaysia's Schedule of Tariff Commitments in CPTPP Agreement; Malaysia's Schedule of Tariff Commitments in RCEP Agreement

Tariff Commitments: CPTPP vs. RCEP (cont.)

Comparison of Malaysia's Tariff Commitments between CPTPP and RCEP *"Malaysia's imported goods from CPTPP partners and RCEP partners"*

CPTPP

The CPTPP entered into force on 30 December 2018. **If Malaysia manage to ratify CPTPP by 2022, tariff commitments on imported goods from CPTPP partners will follow the schedule of Year 5. It means that 8,286 tariff lines (87.9% share of total tariff lines) come with zero tariff rate in 2022**, followed by additional 552 tariff lines (5.9% share) will reduce to zero tariff rate by 2023 (Year 6 in schedule), and another 18 tariff lines (0.2% share) will reduce to zero tariff rate by 2025 (Year 8 in schedule). **Ultimately, 99.9% share of total imported goods from CPTPP partners will enjoy zero tariff rate by 2033 (Year 16).**

RCEP

Based on Malaysia's MFN rates of duty as of 1 January 2014, 64.6% of tariff lines from RCEP parties into Malaysia are enjoying zero tariff rate. Once Malaysia is entered into force on 18 March 2022 for RCEP, an additional 5.3% of tariff lines' tariff rate is immediately eliminated. Another 20.0% of tariff lines will reduce to zero tariff rate in Year 10, Year 15 and Year 20. **Ultimately, 90.0% of tariff lines will not be taxed in Year 20 and subsequent years.**

The key differences of Malaysia's Tariff Commitments between CPTPP and RCEP are as follows:

Differences	CPTPP	RCEP
Overall Tariff Commitments Schedule	Simple and straight forward	Not as simple and straight forward as CPTPP
Total tariff lines to be zero rated eventually (time frame)	99.9% by 2033 (Year 16)	90.0% by 2041 (Year 20)
Total tariff lines to be reduced but not zero rated	None	2.7%
Total tariff lines that excluded from tariff reduction or elimination	0.1%	7.3%



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