

**AHK AKTUELL 10/23**

**17 May 2023**

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## **Brunei ratifies the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

### **What is CPTPP?**

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a modern and ambitious free trade agreement between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. It covers nearly 500 million people, 14 percent of global GDP and 15 percent of global trade. As such, it is one of the largest and most significant free trade agreements in the region.

CPTPP was signed in March 2018 and subsequently ratified by seven (Australia, Canada, Japan, Mexico, New Zealand, Singapore, and Vietnam) of the eleven parties to the agreement. As a result, CPTPP entered into force in December 2018. Three members (Peru, Malaysia, and Chile) followed until February 2023.

Brunei Darussalam is the last signatory to ratify the Agreement. The Sultanate has notified the depository of CPTPP on 13 May 2023 and therefore the CPTPP will enter into force for Brunei Darussalam 60 days later. The ratification follows the announcement of the United Kingdom in March that they will join CPTPP.

CPTPP is among the most modern and ambitious free trade agreements in the Asian region. Industrial and merchandise trade have been almost completely liberalized: The agreement achieves duty-free treatment for nearly 97 percent of all goods. CPTPP has led to a comprehensive opening of the services sectors. New business opportunities are opening up, for example in the logistics, education, financial and healthcare sectors. All relevant protection standards apply to investments. In addition, CPTPP is particularly convincing by the fact that it also addresses a number of non-tariff issues. Numerous trade-related aspects such as dealing with state-owned enterprises, digital trade and SMEs are also covered.

### **CPTPP on the way to expansion**

Article 30.4 of the chapter "Institutional Provisions and General Definitions" outlines the accession procedure of the Trans-Pacific Partnership and also ensures the accession of countries that are geographically outside the Asia-Pacific region.

New partner countries must submit a formal application. This is examined by the contracting parties. If the application is approved, accession negotiations can begin. During accession negotiations, only market access concessions (goods, services, investment, procurement market and cross-border labour mobility) of the applicant country are negotiated. The market access concessions of the CPTPP members must be accepted by the new members. Regulatory issues, such as intellectual property protection, digital trade and the sector-specific rulebooks, are not renegotiated.

Since the agreement entered into force, there have several other countries besides the United Kingdom who have submitted their formal application: namely: Ecuador, China, Costa Rica, Taiwan, and Uruguay. Furthermore, Colombia, Indonesia, the Philippines, South Korea and Thailand have expressed their interest.

**Are German businesses able to profit from CPTPP?**

German companies that have a subsidy in the CPTPP region or produce in the territory of the contracting parties can benefit from the CPTPP concessions. This is particularly desirable for companies that want to achieve improved market access to markets with which the EU has not yet negotiated free trade agreements.

**Benefit from free trade agreements**

If you have any questions about the usage of Free Trade Agreements in the Asia-Pacific region, you can contact Mrs. Annika Huck, Divisional Head for Trade Policies (Asia/ASEAN). E-Mail: [annika.huck@sgc.org.sg](mailto:annika.huck@sgc.org.sg)

**Resources**

<https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>

<https://www.thestar.com.my/aseanplus/aseanplus-news/2023/05/15/brunei-ratifies-cptpp-trade-deal>

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on the basis of a decision  
by the German Bundestag