

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Overview and Implications for the Metals and Minerals Industry

Introduction

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement between 11 countries in the Asia-Pacific region. Signed in March 2018 and entered into force in December 2018, the CPTPP evolved from the original Trans-Pacific Partnership (TPP) after the United States withdrew in 2017. The agreement creates one of the world's largest free trade areas, representing nearly 13.5% of global GDP.

Participating Countries

- Australia
- Brunei
- Canada
- Chile
- Japan
- Malaysia
- Mexico
- New Zealand
- Peru

- Singapore
- Vietnam

Key Provisions

Tariff Elimination

- Eliminates or reduces tariffs on approximately 95% of goods traded between member countries
- Implementation schedule varies by country and product
- For metals and minerals: most tariffs eliminated upon entry into force or within 5-10 years

Rules of Origin

- Product-specific rules based on change in tariff classification, regional value content, or specific production processes
- Full cumulation among all 11 members
- Self-certification of origin
- Verification procedures

Trade Facilitation

- Expedited customs procedures
- Advanced rulings on classification and origin
- Electronic processing of customs documentation
- Express shipment provisions

Technical Barriers to Trade

- Enhanced transparency requirements
- Encourages harmonization of standards
- Improved regulatory cooperation
- Reduces unnecessary technical barriers

Investment

- National treatment and most-favored-nation treatment for investors

- Prohibition on performance requirements
- Investment protection standards
- Investor-state dispute settlement mechanism (with some limitations)

State-Owned Enterprises

- Competitive neutrality requirements
- Non-discriminatory treatment
- Transparency provisions
- Restrictions on non-commercial assistance

Labor and Environment

- Enforceable labor standards
- ILO Declaration commitments
- Prohibition on weakening environmental laws to attract investment
- Commitment to key multilateral environmental agreements

Implications for Metals and Minerals Industry

Market Access Opportunities

- Tariff elimination for most metals and minerals across 11 diverse economies
- Particularly significant for trade with Japan and Vietnam
- Enhanced access for processed and value-added metal products
- Simplified customs procedures for minerals and metals

Supply Chain Integration

- Cumulation provisions allow materials from any member to qualify for preferential treatment
- Opportunities for integrated production across CPTPP countries
- Enhanced regulatory coherence reduces technical barriers
- Digital trade provisions support supply chain management

Investment Protection

- Enhanced protections for mining investments
- Non-discrimination provisions
- Safeguards against indirect expropriation
- Transparency in permitting and licensing

Challenges

- Competition from lower-cost producers
- Environmental and labor compliance requirements
- Complex rules of origin for some manufactured metal products
- Remaining non-tariff barriers

Key Metals Affected

- Copper (Chile, Peru)
- Iron and steel (Japan)
- Aluminum (Australia, Canada)
- Precious metals (Peru, Australia)
- Rare earth elements (Australia, Vietnam)
- Nickel (Canada)

Implementation Status

- **December 30, 2018:** Entry into force for Australia, Canada, Japan, Mexico, New Zealand, Singapore
- **January 14, 2019:** Entry into force for Vietnam
- **September 19, 2021:** Entry into force for Peru
- **Pending:** Ratification by Brunei, Chile, Malaysia

Market-Specific Opportunities

Japan

- World's third-largest economy
- Major importer of metals and minerals

- Significant tariff reductions on specialty steel and aluminum products
- Enhanced access for copper and precious metals

Vietnam

- Rapidly growing manufacturing hub
- Increasing demand for industrial metals
- Reduced tariffs on most metal products
- Improved investment climate for mining and processing operations

Australia and Canada

- Major minerals and metals producers
- Enhanced access to Asian markets
- Investment protections for overseas operations
- Improved regulatory certainty

Mexico, Chile, and Peru

- Important mining economies
- Enhanced downstream opportunities
- Improved investment protections
- Technical cooperation provisions

Compliance Requirements

Origin Documentation

- Self-certification by exporters, producers, or importers
- Minimum data elements specified in the agreement
- Electronic certification permitted
- Record keeping requirement (minimum 5 years)

Verification Process

- Written requests for information
- Verification visits to exporter or producer premises

- Cooperation from certifier required
- Denial of benefits for non-compliance

Environmental and Labor Compliance

- Commitment to maintain and enforce environmental laws
- Recognition of sustainable development principles
- Compliance with fundamental labor rights
- Public submission mechanisms for violations

Comparison with Other Trade Agreements

Compared to RCEP

- Higher standards for labor and environmental provisions
- More comprehensive investment protections
- More extensive IPR provisions
- Deeper tariff cuts in most sectors

Compared to USMCA

- Less stringent rules of origin for automotive sector
- More extensive geographical coverage
- Different approach to investor-state dispute settlement
- Greater emphasis on regulatory coherence

Compared to EU FTAs

- Different approach to geographical indications
- Different standards for investment dispute resolution
- Similar level of environmental and labor provisions
- Different approach to technical standards

Strategic Recommendations

Short-term Actions

- Review tariff schedules for key products

- Analyze rules of origin to ensure compliance
- Implement origin certification procedures
- Train staff on CPTPP requirements

Medium-term Strategy

- Consider supply chain restructuring to maximize CPTPP benefits
- Evaluate new market opportunities
- Assess investment opportunities with enhanced protections
- Monitor implementation and enforcement patterns

Long-term Planning

- Develop integrated production strategies across CPTPP countries
- Monitor potential expansion of membership
- Participate in CPTPP committees and working groups through industry associations
- Prepare for gradual implementation of commitments

Future Developments

Potential New Members

- United Kingdom (formal application submitted)
- Thailand (expressed interest)
- South Korea (expressed interest)
- China (formal application submitted)
- Taiwan (formal application submitted)
- Philippines (considering)

Ongoing Work Programs

- Digital economy initiatives
- SME integration into global trade
- Implementation of regulatory cooperation
- Review of investor-state dispute settlement provisions

Conclusion

The CPTPP offers significant opportunities for the metals and minerals industry through expanded market access, enhanced rules for cross-border investment, and improved regulatory coherence. While compliance requirements are substantial, the agreement provides a framework for more predictable and transparent trade in the Asia-Pacific region. As additional countries potentially join the agreement, its importance as a platform for regional economic integration is likely to grow.

Additional Resources

- CPTPP Full Text: www.dfat.gov.au/cptpp
- Country-specific Tariff Schedules
- CPTPP Implementation Guidelines
- National Customs Authority Websites