

## **CPTPP COMMITTEE ON COMPETITIVENESS AND BUSINESS FACILITATION REPORT 2023**

### **MEETING REPORT**

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Committee on Competitiveness and Business Facilitation (CBF) met virtually on 26 September 2023, 1300 NZT. Delegates from the following CPTPP Members participated: Canada, Japan, Mexico, New Zealand, Singapore and Viet Nam. The meeting was chaired by New Zealand.

#### Agenda item 1: Introductions

After introductions, the Committee decided to adopt the agenda (Annex 1).

#### Agenda item 2: CBF Committee Supply Chains Review

The Chair thanked Canada for their continued hard work in preparing the Empirical Analysis Report of the Supply Chains Review and invited them to present on it.

Canada spoke to the analysis that they had circulated with a presentation on the methodology in their report, and their findings. Its comments focused on the mandate to complete the report within prescribed timelines. It used 2018-2021 data from CPTPP Economies excluding Peru, Malaysia, Chile, Brunei Darussalam, and the United Kingdom (as the CPTPP had not or has not entered into force for these economies).

The Chair thanked Canada for presenting their report and noted it was heartening to see some positive signs of increasing trade where expected following the agreement's recent entry into force.

Japan thanked Canada for preparing the empirical analysis, and noted it had provided written feedback- both general comments on the report and line by line, and it would await written responses to the points raised. Japan asked for a planned timeframe for feedback and sought clarification on Canada's intention to publish (which in Japan's view would require consensus). It also enquired as to whether Members were planning on providing case studies (Japan was in the process of preparing its case studies).

New Zealand thanked Canada for the analysis, welcomed its finalisation and would strongly support its publication. New Zealand was broadly comfortable with the changes Canada had made in response to Japan's first round of comments. New Zealand asked whether any findings could be drawn out to provide policy recommendations for promoting and strengthening supply chains and whether any additional contextual comments could be made. It also suggested some potential methodological approaches for any further studies.

Canada thanked Japan for its written comments. In response to New Zealand's comments, it noted that it approached policy recommendations with caution due to the methodology used and the short timeframe of the analysis. For Canada, it was important to illustrate to the public why FTAs such as CPTPP are negotiated and to subsequently show that even in the midst of a pandemic when supply chains were affected that there were positive results.

### Agenda item 3: Next steps

The Chair noted that discussion at previous meetings had included supplementing the report with case studies. New Zealand has reached out to its Trade Export Promotion agency for a few case studies of exporters having benefited from trading in CPTPP markets. It envisioned these studies being succinct (½ page-1 page) to add a qualitative assessment (notwithstanding commercial sensitivities). The Chair called on other CBF Members to contribute.

Japan said it was working very hard on contributing case studies of Japanese firms exporting to CPTPP Members. It is in the process of interviewing firms, and suggested that the Japanese presentation at the 2020 webinar might potentially be added. Japan asked for an indicative timeframe for the submission of these case studies.

Singapore thanked Canada for its efforts and while it had not been able to verify the data, the Canadian study did support Singapore's independent findings that there was an improvement in trade flows with CPTPP markets. It suggested for future studies Members could explore using Computable general equilibrium (CGE) modelling. Singapore had reached out to businesses for potential case studies but was finding it difficult, with many exporters preferring pre-existing FTAs with other ASEAN countries. It would continue to follow up.

Canada responded to the modelling question that this was difficult given the timeframe of data available and the shock of the pandemic. CGE modelling tended to be used in preparation for the negotiation of new FTAs, rather than employed as an evaluative tool. Canada encouraged Members to provide case studies to supplement its empirical analysis, noting that this element of the review had been previously decided on by CBF Committee Members.

To ensure that the empirical analysis is finalized and published in a timely manner, Canada suggested that the case studies could be added at a later date.

The Chair echoed the importance of finalising and publishing the report without undue delay. The Chair encouraged Members to contribute a short case study to supplement the analysis. Given the numerous rounds of written feedback, the Chair proposed a timeline for finalising and publishing the report, as follows:

- Written comments on the analysis by Friday 6 October;
- Case studies by the end of November
- Canada to finalise the analysis, supplemented with case studies, for tabling at SOM5 on 11-12 December.

Canada reaffirmed its position that the supply-chain analysis fulfils the CBF Chapter's Article 22.3.5 requirement, and that a decision on its publication as a CPTPP product before the end of 2023 should be made by Senior Officials at SOM5. Based on the analysis, the CBF Committee could then begin work on making recommendations to promote and strengthen the development of supply chains in the free trade area, as required by Article 22.3.7, for the CPTPP Commission's consideration in 2024. Canada indicated that it would not have the resources to continue working on the analysis beyond the end of this year.

Japan thanked Canada for explaining its position and noted that it would need to report and consult internally. Japan reiterated its view, in accordance with paragraph 7 of Article 22.3 that the mandate of this Committee is to submit a report to the Commission, thus, the decisions on publication should be made by the Commission rather than by the SOM.

The Chair closed the meeting by thanking Members for making the time to join and for their rich discussion. Special thanks was delivered to Canada for their work in driving forward and preparing the analysis along with Japan's continued engagement and comments. Members were encouraged to consult internally on the above timeline for finalising and publishing the report.

ENDS.

#### Annex ONE: Agenda

##### Agenda

Introductions

CBF Committee Supply Chains Review - Empirical Analysis Report – Canada to introduce item, followed by comments from delegations

Next steps (New Zealand)

