

# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## CPTPP Members Reach Agreement in Tokyo; to Sign Deal on March 8

Chief negotiators of the 11 CPTPP countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) reached a deal on the four remaining issues – that prevented them to conclude a deal in Da Nang, Vietnam, last November – after a two-day meeting in Tokyo on January 22-23.

The four remaining items that were expected “to be finalised by the date of signature by consensus among all Parties for suspensions to take effect” are:

- State Owned Enterprises, Annex IV (as requested by Malaysia);
- Services and Investment Non-Conforming Measures, Annex II (14 – Coal – paragraph 3) requested by Brunei Darussalam;
- Dispute Settlement (trade sanctions) – Article 28.20 (Vietnam)
- Cultural Exception (Canada)

Sources familiar with the talks said Japanese TPP envoy, Economy Minister, Toshiimitsu Motegi, returned from a trip in Mexico last week with good news concerning the gaps between Vietnam and Mexico over labour. They said the differences have been bridged or at least close to be resolved.

The Japanese TPP Minister also traveled earlier this month to Vietnam to discuss the matter. This allowed the focus of the Tokyo chief negotiators meeting to be on Canada’s request for suspension – after observers claimed that both Malaysia’s and Brunei’s requests for suspension had been accepted by Japan and others. The aim was to force Canada to start engaging on its issue(s), as Australia and Japan want to make sure they avoid another surprising no-show by Canadian leaders when a ministerial is held at some point in March.

“There is a meeting of Trade Ministers scheduled in March in Chile and the goal is to have the TPP agreed,”

Australian Prime Minister, Malcom Turnbull said last week in Japan, amid noises that both Australia and Japan were willing to move forward without Canada if the latter continues to oppose an agreement in March.

However, the group didn’t have to go that far, as Minister Motegi announced that a deal was reached by chief negotiators on January 23<sup>rd</sup> and that the 11 countries “concluded the final text of the CPTPP.” He added that a “signing ceremony will be held in Chile on March 8” though the dates needed to be confirmed by each country, “but I believe it will not be changed,” the Japanese TPP Minister told the press.

“It is a landmark (deal) for the future of our country and the Asia-Pacific region,” Motegi continued, one that he “would like to explain” the importance of to U.S., after it comes into force, in an effort to lure the U.S. back into the group.

As expected, the group accepted Brunei’s and Malaysia’s requests for suspension, while allowing Canada (cultural exception) and Vietnam (labour) to exchange separate side letters with other TPP11 Members at the time of CPTPP signing ceremony in Chile.

The content of the side letters is unlikely to be disclosed until the Chilean Ministerial Meeting, Japan’s Economy Minister told the media following the gathering.

“We are happy to confirm the achievement of a significant outcome on culture as well as an improved arrangement on autos with Japan, along with the suspension of many intellectual property provisions of concern to Canadian stakeholders.” Canada’s International Trade Minister, François-Philippe Champagne, stressed following the announcement of the deal.

On culture, Canada said the achievement “preserves Canada’s flexibility to adopt and maintain programs and policies that support the promotion, creation, distribution, and development of Canadian artistic expression or content, including in the digital environment.”

In addition to a series of suspension items from the intellectual property chapter, Canada said the deal also secures market access for Canadian auto exports to Japan.

“Canada reached an agreement on auto standards with Japan that brings into effect important commitments on automotive standards and regulations that Japan made to the U.S. and Canada in the original TPP, but which Canada lost when the U.S. withdrew from the TPP,” Champagne’s

office said in a statement. This also “secured a forward most favoured nation (MFN) clause on auto standards in a side agreement with Japan to capture future liberalization that Japan would make in this area. The CPTPP would ensure that treatment of Canadian autos are not disadvantaged compared to autos of other countries.”

Autos’ rules of origin have also been a concern frequently raised by Canadian officials. On this Canada said it agreed to “side letters with Malaysia to allow the Canadian autos to benefit from preferential tariff treatment without requiring changes to existing production or sourcing patterns.”

**Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.**

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