

## Free Trade Agreement Takes Effect Without U.S.

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The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade agreement, went into effect on December 30, 2018 for six countries: Australia;



Canada; Japan; Mexico; New Zealand; and Singapore. The CPTPP became effective for Vietnam on January 14, 2019, and four additional countries (Brunei, Chile, Malaysia and Peru) plan to ratify and enact the Agreement. Combined, the eleven member countries' economies represent over 13% of the global GDP.

The CPTPP, a version of the Trans-Pacific Partnership reworked following the United States' withdrawal in early 2017, facilitates free trade amongst its member parties. The CPTPP repeals tariffs on an estimated 95% of goods in a variety of markets, with some tariff cuts implemented immediately. Japan will reduce tariffs on beef, Mexico on fish and poultry, and Canada on dairy products. Tariffs on imported passenger cars will be reduced or eliminated in Canada and Vietnam. The footwear and apparel industry will embrace a reduction in import duties. The CPTPP also imposes regional intellectual property protection and labor standards.

These dramatic changes present exciting opportunities within the member countries. In contrast, the Petersen Institute for International Economics has estimated that, in addition to losing out on the benefits of the TPP, the U.S. may lose as much as \$2 billion annually from the reduced competitiveness of its exports within CPTPP member countries.

Another free trade deal to keep an eye on is the EU-Japan Economic Partnership Agreement, which is expected to come into force on February 1<sup>st</sup>.

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