

CIRCULAR NO. 78/2022

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## COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP POTENTIAL BENEFITS FOR THE PLASTICS INDUSTRY

### 1. Member Countries

The Comprehensive Trans-Pacific Partnership Agreement (CTPPA) is a trade agreement between 11 Pacific Region nations, namely, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The CPTPP will enter into force for Brunei, Chile, Malaysia and Peru 60 days after the respective countries complete their respective ratification process.

Malaysia is planning to ratify CPTPP by the third quarter of 2022.

### 2. Economic Benefits

According to the findings of the Cost and Benefit Analysis (CBA) conducted on the CPTPP, which was published by the Ministry of International Trade and Industry (MITI) on 25 July 2022, the CPTPP presents net economic benefits to Malaysia.

Reference:

[Cost-Benefits Analysis on the Potential Impacts of the CPTPP on the Malaysian Economy and Key Economic Sector, MITI.](#)

### 3. New Export Market for Plastics Products

The CBA studies show that CPTPP countries account for 28.2% or RM11.2 billion of Malaysian plastics exports (both resins and finished products) in 2019. CPTPP will open market access to Canada, Mexico and Peru for plastics exporters. These three countries are net importers of plastics products and currently do not have any Free Trade Agreement (FTA) with Malaysia.

Tariff for plastics products will be eliminated immediately from a maximum of 6.5% for Canada upon Malaysia's ratification, while the 15% tariff for Mexico and 9% tariff for Peru will be reduced gradually over a period of 10 years, as summarized in the tables below:

References:

(i) [CPTPP Text Agreement – Canada Tariff Elimination Schedule, MITI.](#)

(ii) [CPTPP Text Agreement – Mexico Tariff Elimination Schedule, MITI.](#)

(iii) [CPTPP Text Agreement – Peru Tariff Elimination Schedule, MITI.](#)

**Mexico**

Tariff Line	Base Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
3917 3919 3920 3921	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3918 3922 3923 3924 3925 3926	15%	13.5%	12%	10.5%	9%	7.5%	6%	4.5%	3%	1.5%	0%

**Peru**

Tariff Line	Base Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
3918	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3917 3919-3926	9%	8.1%	7.3%	6.5%	5.7%	4.9%	4%	3.2%	2.4%	1.6%	0.8%	0%

**4. Elimination of Tariffs for Plastics Raw Materials**

Malaysia has committed to eliminate the import duties for the major types of resins, summarised as follows:

Tariff Line	Base rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
3901-3906 3907.50 3907.91 3907.99	10%	8.3%	6.6%	5%	3.3%	1.6%	0%
3907.60	15%	12.5%	10%	7.5%	5.0%	2.5%	0%

Reference:

[CPTPP Text Agreement – Malaysia Tariff Elimination Schedule, MITI.](#)

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Thank you.

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