



Building EU-CPTPP Trade and Investment Cooperation

A new era

The multilateral rule-book has been the basis for international trade relations for more than 75 years. Under the GATT and its successor, the WTO, world trade has expanded at an unprecedented rate, contributing to growth and prosperity around the world.

Recently, major economies have begun to downplay or ignore WTO rules. While this is deeply worrying in itself, there is also a considerable risk that more countries will follow. Consequently, there is an urgent need for a proactive strategy that not only prevents further backsliding but builds a sustainable, rule-based trade environment for the future.

The current developments also present an opportunity for countries that prefer rules-based trade. Economies that combine dynamic domestic markets with an open and predictable trade and investment climate are likely to emerge as long-term winners.

A rules-based trade coalition

EU trade policy currently has a two-track approach. One track aims to prevent further backsliding. The Turnberry deal represents the most visible part of this effort. At the same time, there is growing recognition that we need a more proactive approach.

In connection with the June 2025 European Council, the President of the European Commission, Ursula von der Leyen therefore proposed that the EU deepen its cooperation with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). According to von der Leyen, this constellation of countries can 'show to the world that free trade with a large number of countries is possible on a rules-based foundation'. The recently adopted [EU-CPTPP Joint Ministerial Statement](#) confirms the strategic direction proposed by von der Leyen in June.

To help operationalise these discussions, this policy brief outlines a few principles and five areas of potential cooperation. As indicated below each heading, they largely overlap with the areas of cooperation suggested in the EU- CPTPP Joint Ministerial Statement. In this paper, we develop these ideas further.

Principles and overarching objectives

Cooperation between the EU and the CPTPP should take place outside the WTO but be WTO-compatible. As in the past, for instance during the 1980s, the best way to strengthen rules-based trade is to act both within and outside the GATT/WTO institutional structure at the same time.

As suggested in the Joint Ministerial Statement, cooperation should add [support for WTO reform](#) and preserve functioning parts of the organisation. An important specific objective would be to strengthen the Multi-Party Interim Appeal Arbitration Arrangement as long as the WTO appellate body remains blocked.

To counter the erosion of rules-based trade, the new dialogue must also offer an attractive alternative that delivers tangible benefits for EU and CPTPP firms. Over time, support from the business community will be essential. To reverse current negative dynamics, it is desirable that countries participating in the new framework derive economic advantages from it, while non-participating countries do not benefit to the same extent. The ultimate objective should be to establish a low-cost, low-risk environment for trade and investment within the EU–CPTPP economic area.

Another important principle of EU–CPTPP cooperation should be that all partners refrain from imposing new trade-restrictive measures on each other or harm each other's economic interests in other ways. Such a standstill commitment should be explicit and formally monitored, preferably by an independent institution.

In the longer term, EU–CPTPP cooperation should remain open to more partners, provided that they are like-minded with respect to rules-based trade and open to commercially relevant trade integration. Countries that ignore WTO commitments, rely on import substitution or wish to maintain high tariffs and other trade barriers would not be suitable as partners.

A cohesive rules-based area for trade in goods

This area corresponds to 'Trade Diversification' in the Joint Ministerial Statement.

The EU already has bilateral trade agreements with 9 of 12 CPTPP-countries. Negotiations have progressed significantly with another two: Australia and Malaysia. The main EU–CPTPP interest with respect to trade in goods should therefore be to gradually reshape the hub-and-spoke relationship and form a cohesive, rules-based trade area. In theory, the EU could simply join the CPTPP, but this option would be very complex politically. Fortunately, the EU can pursue the same objective by leveraging its existing network of trade agreements with CPTPP members. Below, we provide two ideas on how to do this for trade in goods.

Align rules of origin

Rules of Origin (RoO) offer one way to link the EU and the CPTPP as trade blocks. Extended cumulation already exists on a limited basis in the EU–Viet Nam agreement. It could be scaled up to form a 'cumulation-network' among EU–CPTPP partners that share free trade agreements (FTA). In order to further leverage the benefits, the reform could include Pan-Euro-Med (PEM) countries that have FTAs with CPTPP members.

An important advantage of using cumulation in this context is flexibility. Cumulation can be scaled up gradually and be tailored in different ways, for example in terms of products, time and quantity. It should promote the use of inputs from within the EU–CPTPP area.

A more ambitious option would be harmonisation. This option takes inspiration from PEM. There are over 60 bilateral FTAs in the PEM region that have substituted their respective RoO protocols for the common PEM convention. The reform harmonised rules and opened up diagonal cumulation across the entire PEM zone, an economic area that represents more than 20 per cent of global exports. This zone could be expanded by establishing links to the PEM convention in bilateral agreements between PEM economies and CPTPP members. The RoO in the PEM convention have recently been revised and are among the most modern that the EU applies. There is already a recognised method to establish links to the convention and there is a PEM secretariat that administers work around the convention. Much of the infrastructure required to make relevant block-to-block adjustments is therefore already in place.

The EU and CPTPP countries could also explore areas of convergence across RoO and agree to harmonise only these tariff lines. A reasonable starting point would be non-sensitive products with an objective to build harmonisation from the bottom up, gradually working toward a PEM model for the EU–CPTPP as a whole.

Add and deepen mutual recognition agreements

Currently, the EU has mutual recognition agreements (MRAs) with four CPTPP members:

- Australia (medical devices, machinery, and low voltage equipment),
- Canada (electrical equipment, machinery, and telecommunications),
- Japan (telecommunications and electrical products),
- New Zealand (medical devices and telecommunications).

In an EU–CPTPP context, more ambitious MRA negotiations, based on established WTO norms and principles, could take place, particularly to support the green and digital economy. It would also open up the possibility to expand current MRA coverage in the four existing agreements.

Expand EU–CPTPP digital cooperation

This area corresponds to 'Digital Trade' in the Joint Ministerial Statement.

In order to stimulate productivity through innovation, the EU needs digital trade integration with trusted partners. The European Commission's International Digital Strategy acknowledged the need to expand and develop the EU's network of digital trade agreements, digital partnerships and trade and technology councils. A key challenge is to ensure that digital trade, supported by the free flow of data, can occur seamlessly across the whole EU–CPTPP economic area rather than being hampered by the current hub-and-spoke structure.

There are already a number of existing agreements and processes that could serve as benchmarks for EU–CPTPP digital cooperation, for example the Digital Economy Partnership Agreement (DEPA), Data Free Flow with Trust (DFFT), and the digital chapter of the CPTPP. In addition, the EU and CPTPP partners should adopt and implement the plurilateral Joint Statement Initiative on E-commerce as soon as possible.

Finally, the EU should enhance its attractiveness as a digital trade partner by moving forward with its simplification agenda for digital regulation (the 'digital package').

Stimulate trade in climate goods and services

This area has no explicit placeholder in the Joint Ministerial Statement but could be included among potential 'workplans on areas of cooperation of mutual interest' for the next formal dialogue.

As part of the cooperation, the EU and as many CPTPP countries as possible could initiate negotiations on a climate trade agreement (CTA). Again, the basis of cooperation would be existing FTAs between the EU and CPTPP members. The first objective would be to stimulate trade in climate goods by reducing tariffs and non-tariff barriers and by coordinating policies and regulation. The second objective would be to support climate services by removing barriers to the spread, installation, and maintenance of climate-friendly technologies. As noted in the National Board of Trade's report [The Role of Trade in the Green Transition](#), climate-related commitments in EU FTAs have so far had little impact on actual trade in climate-related goods. The new initiative would be tailored to provide commercial benefits for EU and CPTPP firms.

As long as a CTA between the EU and (a subset of) CPTPP members builds on existing FTAs, it should be WTO-compatible. In other words, negotiations would take place under an EU–CPTPP umbrella but legal commitments would be added to existing bilateral agreements.

Inspiration could be drawn from ambitious trade and climate commitments in EU FTAs and the Agreement on Climate Change, Trade and Sustainability (ACCTS).

Develop economic security and supply chain resilience

This area corresponds to 'supply chain resilience' in the Joint Ministerial Statement

Another potential area of cooperation would be the development of common principles in the event of serious disruptions in supply chains. Such principles could include information sharing and transparency measures, commitments not to apply export restrictions or export taxes, and joint monitoring and coordination of measures to mitigate disruptions in supply chains. Another possible area of cooperation related to crisis preparedness could be stress-testing of critical supply chains.

The EU and the CPTPP should also enhance preparedness by entering into economic security partnerships. Such partnerships would ensure that export controls do not limit trade flows between the parties and that they include mutual crisis support and response mechanisms. Ultimately, the objective should be to eliminate export controls and simplify investment screening between EU member states and trusted CPTPP trading partners. They would ideally include mutual principles for export controls, investment screenings and other security-related rules.

Concluding remarks

Together, the EU and the CPTPP represent more than 30 per cent of world trade in goods (2024). By comparison, China represents around 15 per cent and the US less than 10 per cent of world trade (measured as exports from these countries).

A potential objection to our proposal is that the coalition does not represent trade cooperation within the WTO. In response, it is important to note three things.

First, rules-based trade cooperation already takes place in many different fora. Free trade agreements represent a legal and recognised option to pursue trade integration. Today, the trend is to include more countries and to create mega-regional FTAs. One of the most recent examples – the CPTPP itself – spans five continents and covers 15 per cent of world trade. Two other examples – the Regional Comprehensive Economic Partnership (RCEP) and the EU–MERCUSOR agreement – each represent around 30 per cent of global trade. Yet another example is ASEAN.

Secondly, progress at the GATT or the WTO has often started in smaller groups. The GATT itself started out with 23 countries and the Uruguay round began with cooperation between EFTA and other smaller economies.

Finally, and most fundamentally, it is crucial to recognise that we have entered a new era that will require solutions that build on, but are not necessarily the same as, those we have relied on in the past. New institutions – in the broad sense – that shape international trade relations will emerge over time. The key question is not whether it will happen, but what the new institutions will look like and who will shape them.

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