



Chile and the CPTPP – Trade and Systemic Considerations

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How Much and How Are We Taking Advantage of It?”

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Outline of Remarks

Trade and Economic Impacts

- Ex ante (CGE simulations)
- Ex post (gravity modelling)

Systemic Considerations

- Global factory remains intact
- CPTPP membership has a role as custodian of the “operating system”
- Incremental improvements to the “operating system” through CPTPP upgrades
- Role in addressing the governance of the digital economy

Impacts of the CPTPP on Chile – Ex Ante CGE Modelling Analysis

	CPTPP Impact
Chile's exports to CPTPP parties	-0.09%
Chile's imports from CPTPP parties	0.16%
Chile's exports to the World	0.013%
Chile's imports from the World	0.004%
GDP in real terms	0.007%
Welfare (USD millions at 2017 prices)	30

Trade Intensity of CPTPP Members

Concept	Impact	Statistical significance
CPTPP Members as Origin (exporters)	29%	***
CPTPP Members as Destination (importers)	19%	***
Bilateral intra-CPTPP trade	68%	***
Chile as exporter to CPTPP members	11%	
Chile as importer from CPTPP members	-28%	

The Global Factory remains intact - China's Share of US Imports, Bilateral and Value-added, 2007-2024



How to explain?

Globalization was not about trade – it was about production – and this was driven by technology not tariffs

- Containerization (starting 1956)
- Wide-body jet for inter-continental trade in high value goods (1970)
- RFID technology (post-war period)
- IBM personal computer (1981)
 - Combined with CAD-CAM software (1981-1982) powers automation by SME manufacturers (computer-aided manufacturing)
 - Computer-aided design industrializes industrial design, driving the development of the knowledge-based economy and the rise of intangibles
 - Combined with RFID technology enables the “second unbundling” – the spatially distributed factory, which we recognize as “globalization” or “global value chains”
- Supply chain management becomes a term of art in 1982

Upgrades to the “operating system”

Major area where the evolution of the economy is generating need for system upgrades is in the digital economy provisions

- PECC initiative identified some 30+ areas where “levelling up” of CPTPP provisions to the global best practice would incrementally reduce trade frictions
- 13 actionable recommendations
 - Trade facilitation (e-commerce measures)
 - Data flows & AI governance
 - Implementation of commitments
 - “greening”
 - National security exception modernization
 - Etc.

Establishing a basis for multilateral trade negotiations in the era of machine knowledge capital

From “electronic transmissions” to:

- Trade in digital products, parsed into digital “goods” and digital “services”
- Capturing the value of data flows

Essential for understanding the evolution of the economy with new intangibles

Essential for understanding international trade balances

