Highlights from the Data

Impacts on all CPTPP Members of China's Accession

The following tables 1 and 2 highlight the impacts on exports of all CPTPP members if China were to apply zero tariffs on all 12 CPTPP members upon its accession to the CPTPP.

Table 1: The Effects of China's Total Tariff Removal on Total Export of CPTPP members (billions of USD)

Exporter	Exports to China Before Tariffs Cut	Exports to China After Tariffs Cut	Change in Exports to China	% Change of Exports to China	Initial Tariffs (%)	Average Exports Effects per 1% Tariffs Cut	Share of Trade Effects among CPTPP
United Kingdom	24.9	28.6	3.7	14.7%	7.0	0.5	12.7%
Canada	28.5	32.7	4.1	14.5%	6.7	0.6	14.3%
Mexico	19.0	20.7	1.7	9.1%	6.7	0.3	6.0%
Japan	195.1	212.1	17.0	8.7%	6.9	2.5	59.1%
Australia	163.1	164.5	1.4	0.9%	0.4	3.2	4.8%
Vietnam	85.3	85.7	0.4	0.5%	0.4	1.1	1.4%
Malaysia	93.7	94.1	0.4	0.5%	0.4	1.0	1.5%
Singapore	35.3	35.5	0.1	0.3%	0.3	0.5	0.4%
Peru	24.0	24.0	0.0	0.0%	0.5	0.0	0.0%
Chile	39.3	39.3	0.0	0.0%	0.5	0.0	-0.1%
Brunei	2.1	2.1	0.0	-0.2%	0.1	-0.1	0.0%
New Zealand	12.3	12.3	0.0	-0.3%	0.3	-0.1	-0.1%
Total (All CPTPP members)	722.7	751.6	28.9	4.0%	2.5	0.8	100%

Table 2: Decomposition of Impacts of China Joining CPTPP on the Exports of All CPTPP Members (100 millions of USD)

Exporter	Total Trade Effects	Trade Creation	Trade Diversion	Tariffs before China's Cuts (%)
Japan	170.5	97.9	72.6	6.9
Canada	41.4	32.7	8.7	6.7
United Kingdom	36.7	23.7	13.0	7.0
Mexico	17.3	11.9	5.4	6.7
Australia	13.9	10.9	3.0	0.4
Vietnam	4.0	4.1	-0.1	0.4
Malaysia	4.3	3.6	0.7	0.4
Singapore	1.2	1.9	-0.7	0.3
New Zealand	-0.4	0.2	-0.7	0.3
Chile	-0.2	0.1	-0.3	0.5
Peru	0.0	0.1	-0.1	0.5
Brunei	-0.1	0.0	-0.1	0.1
All CPTPP Members	288.6	187.0	101.5	2.5

- The simple average applied tariff rate that China imposed on CPTPP members was 2.5% in 2021; however, the divergence across countries is significant, with the UK, Japan, Canada, and Mexico on the higher side, while the other members face almost zero tariffs.[2]

- The total exports of all 12 CPTPP members to China would increase by US$28.86 billion, an increase of 4% compared to the status quo. More importantly, 65% of the incremental exports to China would be newly created trade, adding US$18.7 billion in new trade value to the world.

- The increase in the total CPTPP exports to China would be mainly driven by Japan, Canada, and the United Kingdom, accounting for 86.1% of the total increase. However, 8 out of the 12 members would see positive impacts on their exports to China. Japan, the largest exporter to China among all CPTPP members, is the biggest beneficiary of China's multilateral trade liberalization with CPTPP members.

[2]The simple average of tariffs that China applies to the UK, Japan, Canada, and Mexico is statistically significantly higher than that of the other CPTPP members across all product lines at the 1% confidence level.

- Overall, every one percentage point cut in China's applied tariff rate toward CPTPP members would induce an average increase of US$800 million in CPTPP aggregate exports to China, assuming a linear impact of the tariff rate on exports.

Table 3: Top 20 Most Negatively Affacted Trade Partners of China (Millions of USD) [3]

Partner Name	Trade Diversion	Average Tarrifs (%)
Germany	-2035.43	8.2
United States	-1623.16	8.2
Korea, Rep.	-1189.68	4.1
Taiwan, China	-902.61	7.5
Thailand	-440.74	1.0
Italy	-337.87	8.3
France	-333.62	8.5
Indonesia	-309.83	0.7
Slovak Republic	-204.29	7.1
Austria	-193.46	8.2
Russian Federation	-154.62	7.9
Spain	-139.94	8.2
Switzerland	-137.43	2.4
Sweden	-120.40	7.5
India	-108.44	7.4
Netherlands	-98.90	8.0
Brazil	-95.32	8.2
Hungary	-94.84	8.0
Saudi Arabia	-87.37	7.1

- As shown in Table 3, Germany, the United States, and the Republic of Korea are projected to be the top three most diverted trade partners of China overall if China liberalizes trade, with all three CPTPP members upon joining, experiencing negative trade diversion of US$2 billion, US$1.6 billion, and US$1.2 billion, respectively.

Detailed Impacts on Canada's Trade

The simulation results project that, among all 12 CPTPP members, Canada stands as one of the top beneficiaries if China gains accession to the CPTPP. The projected economic benefits include increased exports, especially in Canada's key sectors such as agriculture and energy, improved welfare effects, and enhanced trade security. This strategic enhancement in trade relations with China would not only provide Canada with greater market access but also strengthen its economic resilience by diversifying its trade portfolio away from its highly dependent traditional partners, such as the United States.

Impacts on Exports of Canada

- As shown in Table 1, the simple average tariff rate that China applies to Canada is 6.7%, the third highest among all CPTPP members. This rate is also significantly higher than China's Most Favored Nation (MFN) simple average tariff rate of 5.3% across the world.

- Table 1 shows that Canada's export increase is estimated at US$4.1 billion, second only to Japan, if China were to join the CPTPP. When considering the multiplier effects along

the supply chain of export-related industries, this increase could be significantly amplified, translating to US$6.45 billion in total output for Canada.[4]

- Table 1 also suggests that if China liberalizes its trade with CPTPP members through zero tariffs, Canada's exports to China could increase by 14.5%, just below the UK's increase of 14.7

- Table 2 demonstrates that, compared to the average trade creation ratio of 65% across all CPTPP members, Canada's increase in exports to China due to China's trade liberalization with CPTPP members is largely driven by newly created trade, making up 79% of Canada's total export increase to China and totaling US$4.14 billion. This indicates that the value creation effect for Canada is higher than the average across all CPTPP members.[5]

Table 4: No. of Negatively Affected HS-level 6 Products & HS-level 2 Chapters of CPTPP Members

CPTPP Members	No. of HS-level 6 products with Negative Trade Effects	No. of HS-level 2 Chapters with Negative Trade Effects
Japan	0	0
Canada	0	0
United Kingdom	0	0
Mexico	0	0
Brunei	31	16
Peru	323	55
Chile	357	69
New Zealand	880	75
Singapore	1507	73
Malaysia	1695	78
Australia	1721	75
Vietnam	1866	76

- As demonstrated in Table 4, Canada is one of the four CPTPP members that do not experience any diversion (negative exports) effects across all product lines. [6]

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[4]This calculation is based on Canada's 2021 all-industry total output multiplier published by StatsCan.

[5]The trade creation ratio is the proportion of newly created trade to the total trade effects, which include both trade creation and trade diversion from other trade partners due to changes in tariff policy.

[6]Here all product lines refer to HS-level 6 products and HS-level 2 Chapters, and HS-level 6 is the most detailed product level that is commonly reported across all countries.

Table 5: Canada's Top 20 Most Affected HS-level 2 Products (Millions of USD)

HS-Level2 Code	HS Level 2 Products	Change in Exports to China	Initial Tariffs (%)	Exports to China before China Joins CPTPP	Canada's Total Exports (to the World)	Share of Change in Exports to China to Canada's Total Exports	China's Most Diverted Trade Partner	Trade Diversion of China's Most Diverted Trade Partner	Maximum of Diversion of China's Most Diverted Trade Partner by Canada[7]
02	Meat and edible meat offal	1635.80	16.0	889.25	7476.77	21.9%	Spain	66.04	0.88
27	Mineral fuels, mineral oils and pro	523.57	4.7	4941.87	119764.50	0.4%	Russian Federation	55.31	55.31
12	Oil seeds and oleaginous fruits; mi	476.58	7.0	1951.02	8612.57	5.5%	Russian Federation	10.35	10.35
10	Cereals	291.32	6.9	1818.44	8664.99	3.4%	United States	177.20	1.65
11	Products of the milling industry; m	239.71	24.7	2.63	1047.95	22.9%	France	1.16	1.14
15	Animal or vegetable fats and oils a	193.75	13.5	999.71	5209.18	3.7%	Indonesia	150.45	24.28
29	Organic chemicals	85.90	5.8	645.69	3872.46	2.2%	Korea, Rep.	69.06	1.73
23	Food industries, residues and waste	72.92	8.6	874.01	3170.48	2.3%	United States	11.99	0.30
84	Nuclear reactors, boilers, machiner	68.69	6.1	552.01	28208.38	0.2%	Germany	508.70	1.22
62	Apparel and clothing accessories; n	56.57	6.8	179.61	643.30	8.8%	Italy	9.47	0.00
03	Fish and crustaceans, molluscs and	49.39	6.8	307.89	6202.99	0.8%	Russian Federation	5.47	5.47
31	Fertilizers	35.35	11.4	548.62	6556.40	0.5%	Russian Federation	8.79	8.79
48	Paper and paperboard; articles of p	32.54	5.4	260.91	7141.39	0.5%	Lao PDR	15.71	9.27
39	Plastics and articles thereof	31.88	7.7	219.65	16338.84	0.2%	Korea, Rep.	192.20	3.02
07	Vegetables and certain roots and tu	28.20	2.6	726.20	5135.41	0.5%	United States	0.97	0.00
85	Electrical machinery and equipment	23.57	4.9	733.15	9935.49	0.2%	Germany	172.51	1.61
87	Vehicles; other than railway or tra	21.09	8.6	133.78	43005.99	0.0%	Germany	801.45	0.06
90	Optical, photographic, cinematograp	21.04	3.6	559.72	6345.89	0.3%	Taiwan, China	184.74	0.86
21	Miscellaneous edible preparations	17.01	13.6	127.12	2289.00	0.7%	United States	18.40	0.28
Total		4139.61	13.6	28533.93	503963.60	0.8%	Germany	2035.43	154.62

- The detailed decomposition of export effects on Canada at the HS-2 level if China were to liberalize trade with all CPTPP members is summarized in Table 5. The simulation results show that the agricultural sector, including grains and meat, is the top beneficiary. The increases in exports of "Meat and edible meat offal (HS02)" and "Milling industry products (HS11)" account for 23% and 24% of Canada's total exports in each chapter, respectively. This suggests a significant opportunity for Canada's prairie provinces, such as Alberta, to gain greater market share in meeting China's continued demand for high-quality commodities.

- Table 5 also indicates that Russia is projected to be the most significantly affected trade partner of China due to Canada's increased exports. Among the top 15 chapters where Canada experiences the highest increase in exports, Russia ranks as the most diverted trade partner of China in four of them: "Mineral fuels, etc. (HS27)", "Oil seeds and fruits (HS12)", "Fish and crustaceans, etc. (HS03)", and "Fertilizers (HS31)." The United States follows, bearing the highest trade diversion in three chapters, including "Cereals (HS10)," "Residues and waste from the food industries (HS23)," and "Edible vegetables and certain roots (HS07)."

- Considering only the HS-2 chapters where a specific trade partner ranks as the most diverted, Russia ranks as the fourth most diverted trade partner after Germany, the United States, and South Korea, as shown in Table 13, suggesting that trade diversion from Russia is concentrated in a limited number of chapters.

Table 6: Top 10 Most Diverted Trade Partners of China by Canada (Millions of USD)

Trade Partner	Trade Diversion by Canada	Average Tariffs Rate (%)	Exports to China before Diversion [8]
United States	464.90	8.2	220,883.57
Korea, Rep.	255.61	4.2	329,683.16
France	249.75	8.0	48,499.92
Taiwan, China	229.33	7.5	440,689.98
Germany	219.15	8.2	169,509.53
Indonesia	199.69	0.7	59,057.01
Thailand	197.10	0.9	75,343.77
Italy	178.62	8.1	35,024.02
Spain	155.24	8.1	11,954.36
Russian Federation	154.48	7.8	67,971.94

- Taking into account all HS-2 level chapters where China's trade patterns experience negative diversion effects corresponding to Canada's positive diversion effects, the United States is projected to be the most diverted trade partner of China due to Canada, with a diversion effect of up to US$465 million. South Korea and France follow, with the diversion of Chinese imports from South Korea and France to Canada reaching up to US$256 million and US$250 million, respectively.[9]

Impacts on Imports of Canada

Table 7: Top 10 Most Diverted Trade Partners of Canada (Millions of USD)

Trade Partner	Total Trade Diversion	Averge Tariffs Rate (%)
United States	-519.32	2.2
Cambodia	-90.95	0.4
Bangladesh	-80.49	0.4
Italy	-68.01	0.0
India	-49.36	2.5
Germany	-37.76	0.0
Korea, Rep.	-34.56	0.0
Indonesia	-34.26	3.9
Taiwan, China	-31.00	2.7
Thailand	-25.86	3.5

Note: The 11 CPTPP members, including the UK, are not considered in the ranking.

- As indicated in Table 7, the United States is projected to be Canada's top overall diverted trade partner if China is included in the CPTPP and Canada applies zero tariffs to all 12 CPTPP members upon China's accession. [10] The total trade diversion effects borne by the United States are projected to be US$519.3 million, followed by Cambodia and Bangladesh, reflecting that a large portion of import diversion effects may come from primary manufacturing.

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[9]Due to the limitations of the model, it is not possible to determine the exact amount of diversion of Chinese imports from existing trade partner to Canada. Therefore, for each HS level2 of each trade partner, the smaller value between Canada's trade diversion effect and the (absolute value of) trade diversion of the corresponding trade part is inferred as the upper bound of trade diversion from the corresponding trade partner to Canada.

[10]12 CPTPP members refers to 11 CPTPP members except Canada plus China.

Table 8: Top 10 Most Diverted Trade Partners of Canada by China (Millions of USD)

Trade Partner	Trade Diversion by China	Exports to Canada before	Average Applied Tariffs Rate (%)	Total Trade Diversion
United States	218.36	204234.11	2.2	-519.32
France	68.21	5388.69	0.0	-14.58
Spain	66.04	2811.62	0.0	-9.11
Brazil	52.21	5784.61	2.7	-3.97
Denmark	22.14	763.82	0.1	-2.38
Argentina	19.43	1972.76	2.2	-0.36
Netherlands	18.23	395.35	0.0	-5.35
Pakistan	13.87	3250.38	3.8	-16.61
Thailand	13.18	157.53	3.5	-25.86
Ukraine	11.37	59.44	0.0	-1.92

Note: Values are the sum of all HS level 2 chapters for which the corresponding partner experiences negative trade diversion effects.

- Table 8 demonstrates that the United States is Canada's most negatively affected trade partner as a result of China's entry into the CPTPP, with up to US$218 million of Canadian imports being diverted from the United States to China, accounting for 42% of the total trade diversion impacting the United States. The significant diversion effects on the United States highlight the potential benefits of China's accession to the CPTPP for Canada's trade diversion efforts to enhance its economic security. [11]

Impacts on Trade Balance

Table 9: Impacts on Canada's Trade Balance with China (100 Millions of USD)

HS-level 2 Code	HS-level 2 Description	Trade Balance with China Before China Joining CPTPP	Trade Balance with China After China Joining CPTPP	Trade Balance with China Changes upon China Joining CPTPP	% Change of Trade Balance with China	% Change in Canada's Exports to China	% Change in Canada's Import from China
02	Meat and edible meat offal	8.9	25.3	16.4	184.0%	184.0%	1.0%
27	Mineral fuels, oils and products of distillation, etc.	49.3	54.5	5.2	10.6%	10.6%	0.4%
12	Oil seed, oleagi fruits; miscell grain, seed, fruit etc.	18.4	23.2	4.8	25.8%	24.4%	1.3%
10	Cereals	18.1	21.0	2.9	16.1%	16.0%	0.0%
11	Products of the milling industry, etc.	0.0	2.3	2.4	4945.6%	9104.0%	0.1%
15	Animal/veg fats, etc.	9.8	11.8	1.9	19.4%	19.4%	16.7%
29	Organic chemicals	-1.9	-1.1	0.9	44.7%	13.3%	0.0%
23	Residues and waste from the food industries, etc.	8.3	9.0	0.7	8.4%	8.3%	6.5%
03	Fish and crustacean, mollusc and other aquatic invertebrate	0.4	0.9	0.5	133.1%	16.0%	0.3%
31	Fertilizers	5.4	5.7	0.4	6.6%	6.4%	0.0%
Total		-377.6	-370.8	6.8	1.8%	14.5%	5.2%

- As a result of China's accession to the CPTPP, Canada's exports to China and imports from China would both increase, by US$4.1 billion and US$ 3.4 billion, respectively, resulting in a US$675.8 million decrease or 1.8% reduction in Canada's trade deficit with China.

- Among all HS-2 level chapters, Canada's trade surpluses with China grew most significantly in meat and edible meat offal (HS02), mineral fuels (HS27), and oil seeds (HS12), increasing by US$1.6 billion, US$524 million, and US$475 million, respectively. These represent growth rates of 184%, 10.6%, and 25.8%.

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[11]Due to model limitations—where results report aggregate diversion by each trade partner and product separately—the exact diversion of Canadian trade partners by China cannot be determined. Therefore, for each HS2 code, we infer the trade diversion from each Canadian partner to China as the smaller of China's diversion effect on that product or the absolute trade diversion of that partner. The overall diversion effect for each partner is then aggregated across all HS2 products, providing an upper bound on China's impact on Canada's trade with each partner.

Impacts on Canada's Economic Welfare

China's accession to the CPTPP brings immediate benefits to Canada, including direct export growth and enhanced economic security. Additionally, tariff cuts among CPTPP members could reduce deadweight loss and lower prices, boosting Canadian consumers' purchasing power and overall economic welfare.

This analysis, benchmarked to the CPTPP's status in 2021, compares welfare effects for Canada in two scenarios: one where Canada applies zero tariffs to the other 11 CPTPP members (excluding China), and another where China is also included as a CPTPP member. The simulation results highlight significant economic welfare gains for Canada from China's inclusion in the CPTPP.

Table 10: Real Market Economic Impacts of China Joining CPTPP on Canada (Millions of USD)

HS-level 2 Code	HS-level 2 Description	Total Trade Effects	Welfare Effects	Market Economic Effects[a]	Typical Consumer Surplus[b]	Total Consumer Surplus[c]
	Panel A: With China in the CPTPP					
61	Articles of apparel and clothing accessories, knitted or crocheted	359.5	22.2	381.7	428.2	450.9
63	Other made up textile articles;sets;worn clothing;textile articles;rags	243.1	19.2	262.3	190.8	212.5
87	Vehicles, o/t railway or tramway rolling-stock,and parts and accessories thereof	216.2	8.7	224.8	303.2	309.1
94	Furniture; bedding, mattress, matt support, cushion, etc	212.8	8.5	221.3	259.2	264.9
62	Articles of apparel and clothing accessories, not knitted or crocheted	198.4	11.1	209.5	248.2	260.6
39	Plastics and articles thereof	126.5	4.1	130.6	76.3	77.1
40	Rubber and articles thereof	119.7	4.9	124.7	38.7	39.9
85	Electrical mchy equip parts thereof; sound recorder etc	109.7	2.8	112.6	171.9	172.4
64	Footwear, gaiters and the like; parts of such articles	81.4	3.9	85.3	99.3	102.3
73	Articles of iron or steel	77.2	3.0	80.2	83.0	83.6
Total		2369.0	110.8	2479.8	2569.3	2661.0
	Panel B: CPTPP without China					
87	Vehicles, o/t railway or tramway rolling-stock,and parts and accessories thereof	88.3	3.1	91.4	48.5	51.1
40	Rubber and articles thereof	50.7	2.9	53.6	11.7	12.3
15	Animal/veg fats & oils & their cleavage products; etc	14.5	0.4	15.0	2.5	2.8
85	Electrical mchy equip parts thereof; sound recorder etc	9.0	0.5	9.5	13.6	13.6
94	Furniture; bedding, mattress, matt support, cushion, etc	8.0	0.3	8.3	12.3	12.7
89	Ships, boats and floating structures	7.5	0.4	7.9	4.7	5.5
64	Footwear, gaiters and the like; parts of such articles	7.2	0.5	7.7	10.2	10.7
02	Meat and edible meat offal	5.6	0.4	6.0	2.6	2.6
61	Articles of apparel and clothing accessories, knitted or crocheted	4.8	0.5	5.4	20.3	20.8
33	Essential oils & resinoids; perf, cosmetic/toilet prep	4.1	0.2	4.2	4.8	4.9
Total		233.2	11.1	244.4	209.9	217.0
	Panel C: Comparison					
Total		2135.8	99.6	2235.4	2359.5	2444.0

[a]Market economic effects refer to Canada's total market economic gain/impacts, i.e. the impacts on Canada as an importer/market, including the total trade effects and welfare effects. Total trade effects are the trade creation entailed by lower import price, and Welfare effects refer to what the economy as a whole gains by reducing the tariff, which is made of: the additional tariff revenue entailed by the increase in imports, and the additional consumer surplus entailed by the increase in imports.

[b]Typical consumer surplus refers to the difference in price that consumers are willing to pay and what they actually pay, which is used as welfare effects in most general equilibrium model estimation.

[c]Total Consumer Surplus is the sum of the typical consumer surplus and additional consumer surplus entailed by the increase in imports.

- With the current CPTPP status quo (based on the 2021 status and the addition of the United Kingdom), the total trade creation for Canada is estimated at US$233 million, and the total net welfare for Canada is US$11 million.[12]

- However, with China joining the CPTPP, the total trade creation and welfare for Canada enlarged to US$2.4 billion and US$111 million, respectively, which is 10 times and 9 times the value without China in the CPTPP. Overall, by admitting China to the CPTPP, Canada's total economic gains as a market can be boosted by 10 times, increasing from US$244.3 million to US$2.5 billion, compared to the CPTPP remains status quo. Given that Canada's imports from China account for only 14%, the multiplier effects are rather significant.

- If consider the total consumer surplus (including the transferred value from the government's tariffs income), China's joining in CPTPP multiplies Canada's market economic impacts by more than 11 times, bringing the value from US$450.1 million to US$5.0 billion

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[12]The net gain in consumer surplus and tariffs revenue of the government.

Table 11: Canada's Top 10 HS-level 2 Chapters with the Most Additional Market Economic Impacts (Millions of USD)

HS-level 2 Code	HS-level 2 Description	Total Market Economic Impacts with China Joining the CPTPP	Total Market Economic Impacts without China in the CPTPP	Additional Market Economic Impacts incl. China in the CPTPP	% Additional Market Economic Impacts incl. China in the CPTPP	Share of HS-level 2 Additional Total Market Economic Impacts
61	Articles of apparel and clothing accessories, knitted or crocheted	381.72	5.35	376.37	70.34	16.8%
63	Other made up textile articles, etc.	262.35	2.78	259.57	93.46	11.6%
94	Furniture; bedding, mattress, matt support, cushion, etc	221.27	8.35	212.92	25.50	9.5%
62	Articles of apparel and clothing accessories, not knitted or crocheted	209.53	3.73	205.80	55.18	9.2%
87	Vehicles, o/t railway or tramway rolling-stock,and parts and accessories thereof	224.84	91.38	133.46	1.46	6.0%
39	Plastics and articles thereof	130.61	3.23	127.38	39.46	5.7%
85	Electrical mchy equip parts thereof; sound recorder etc	112.55	9.47	103.08	10.88	4.6%
73	Articles of iron or steel	80.22	1.19	79.02	66.29	3.5%
64	Footwear, gaiters and the like; parts of such articles	85.30	7.71	77.60	10.07	3.5%
40	Rubber and articles thereof	124.65	53.57	71.08	1.33	3.2%
Total		**2479.80**	**244.35**	**2235.44**	**9.15**	

- Table 11 shows that the incremental market economic gains for Canada from China's accession to the CPTPP are predominantly in manufacturing products, such as apparel and clothing accessories (HS61, HS62), other textile articles (HS63) and furniture (HS94), accounting for 47.2% of the total market economic impact.

Table 12: Impacts of China Joining CPTPP on Canada's Market Economic Impacts Distribution (Millions of USD)

HS-level 2 Code	HS-level 2 Description	Total Market Economic Impacts	Share of HS-level 2
Panel A: Canada's Top 10 HS2 Chapters with Highest Market Economic Impacts without China in the CPTPP			
87	Vehicles, o/t railway or tramway rolling-stock,and parts and accessories thereof	91.4	37.4%
40	Rubber and articles thereof	53.6	21.9%
15	Animal/veg fats & oils & their cleavage products; etc	15.0	6.1%
85	Electrical mchy equip parts thereof; sound recorder etc	9.5	3.9%
94	Furniture; bedding, mattress, matt support, cushion, etc	8.3	3.4%
89	Ships, boats and floating structures	7.9	3.2%
64	Footwear, gaiters and the like; parts of such articles	7.7	3.2%
02	Meat and edible meat offal	6.0	2.5%
61	Articles of apparel and clothing accessories, knitted or crocheted	5.4	2.2%
33	Essential oils & resinoids; perf, cosmetic/toilet prep	4.2	1.7%
Total		244.4	
Panel B: Canada's Top 10 HS2 Chapters with Highest Market Economic Impacts if China is in the CPTPP			
61	Articles of apparel and clothing accessories, knitted or crocheted	381.7	15.4%
63	Other made up textile articles;sets;worn clothing & worn textile articles;rags	262.3	10.6%
87	Vehicles, o/t railway or tramway rolling-stock,and parts and accessories thereof	224.8	9.1%
94	Furniture; bedding, mattress, matt support, cushion, etc	221.3	8.9%
62	Articles of apparel and clothing accessories, not knitted or crocheted	209.5	8.4%
39	Plastics and articles thereof	130.6	5.3%
40	Rubber and articles thereof	124.7	5.0%
85	Electrical mchy equip parts thereof; sound recorder etc	112.6	4.5%
64	Footwear, gaiters and the like; parts of such articles	85.3	3.4%
73	Articles of iron or steel	80.2	3.2%
Total		2479.8	

- Table 12 shows that China's entry into the CPTPP will alter the structure and concentration of products benefiting from economic impacts.

- The top three product chapters currently benefiting the most in net market economic impacts are Vehicles (HS87), Rubber and articles thereof (HS40), and Animal fats (HS15). Together, the top 10 chapters account for over 85% of total market economic effects.

- With China's inclusion, the top three product chapters shift to apparel and clothing accessories (HS61), other textile articles (HS63), and Vehicles (HS87). The share of total market economic impacts for the top 10 product lines decreases to 73.9%.

Appendix

Table 13: Real Market Economic Impacts of China Joining CPTPP on Canada (Millions of USD)

Trade Partner	Trade Diversion by Canada in Most Diverted HS Level 2 Chapters
Germany	934.33
United States	150.44
Korea, Rep.	81.72
Russian Federation	80.69
Indonesia	67.66
Spain	66.04
Taiwan, China	13.99
France	12.00
Lao PDR	11.52
Australia	11.15

Note: Trade diversion by Canada is the minimum of Canada's trade diversion and the corresponding trade partner's trade diversion in the HS level 2 chapter. This table only accounts for HS level 2 chapters where each trade partner ranks the most diverted trade partner, to capture the intensive margin of the trade diversion.