

Research Briefing
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The Comprehensive and Progressive Agreement for Trans-Pacific Partnership

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Summary

Update: the Government has [announced that negotiations for the UK's accession to CPTPP](#) will begin on 22 June 2021. The Government has also [published its strategic case](#) for these negotiations and consultation response.

On 1 February 2021, the UK Government formally applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). CPTPP is a free trade agreement between 11 countries around the Pacific Rim. CPTPP members are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. On 2 June 2021, CPTPP announced that the accession process would begin.

In 2019, UK exports of goods and services to CPTPP countries amounted to £58 billion (8.4% of all UK exports). Imports were £53 billion (7.3% of the UK total). Of CPTPP countries, Australia, Canada, Japan and Singapore are the largest UK trading partners. These four countries accounted for around 80% of UK trade with CPTPP countries in 2019.

The UK already has trade agreements with seven CPTPP members. On 15 June 2021, the UK announced that it had reached a trade agreement with Australia. Negotiations are ongoing with New Zealand.

The Government believes that joining CPTPP would increase trade and investment opportunities for the UK in a fast-growing region. It would

strengthen ties with international allies and signal the UK's commitment to free trade. Others argue that the economic gains from the deal are limited and that it could raise regulatory issues.

2 What is the CPTPP?

2.1 Background and membership

The CPTPP is a free trade agreement between 11 countries around the Pacific Rim. It emerged from negotiations for a Trans-Pacific Partnership (TPP) which included the US. Following the election of President Trump, the US withdrew from the TPP. The remaining 11 countries agreed the CPTPP which is similar to the TPP. CPTPP countries account for around 13% of world GDP.¹ The following countries are in the CPTPP:

- Australia
- Brunei Darussalam
- Canada
- Chile
- Japan
- Malaysia
- Mexico
- New Zealand
- Peru
- Singapore
- Vietnam

The agreement came into force in six countries (Australia, Canada, Japan, Mexico, New Zealand and Singapore) in December 2018 and in Vietnam in January 2019.² The Agreement is not yet in force in Brunei Darussalam, Chile, Malaysia and Peru.³

The UK already has trade agreements with Canada, Chile, Japan, Mexico, Peru, Singapore and Vietnam.⁴ On 15 June 2021, the UK announced that it had

¹ New Zealand, Ministry of Foreign Affairs and Trade, [CPTPP Overview](#)

² Government of Canada, [CPTPP timeline](#)

³ [WTO Regional Trade Agreements database](#)

⁴ Department for International Trade, [UK trade agreements with non-EU countries](#)

reached a trade agreement in principle with Australia. Negotiations are ongoing with New Zealand.

2.2 What are the main provisions of CPTPP?

CPTPP cuts tariffs on the vast majority of goods trade between its members. It also includes provisions on digital trade, data, and financial, professional and business services.

According to the Institute for Government:

The rights and obligations under the CPTPP fall into two categories:

Rules: for example, on how countries should make new food safety regulations or whether they can ban the transfer of data to other CPTPP members. These are the same for all CPTPP parties (including any new members that may join).

Market access: how far each CPTPP member will cut its [tariffs](#), open up its services markets, liberalise visa conditions for business travellers, and so on. Each member has its own schedules of commitments. In some cases the commitments are offered to all other members, while in others they are restricted to specific negotiating partners.

The CPTPP provides for almost complete liberalisation of tariffs among the participants. Tariffs are retained in only a few highly sensitive areas – for example, Japan keeps tariffs on rice, while Canada’s dairy industry is also protected. It provides a single set of [rules of origin](#), and allows content from all CPTPP countries to be ‘cumulated’. If a good has to have at least 70% ‘CPTPP content’ to qualify for preferential tariffs, for instance, that 70% can come from any combination of CPTPP countries.⁵

Details of the agreement are on [the New Zealand Ministry of Foreign Affairs and Trade website](#).

⁵ [Comprehensive Agreement for Trans-Pacific Partnership \(CPTPP\)](#), Institute for Government, 6 July 2020

3 UK Government position on CPTPP

3.1 Reasons for joining CPTPP

In June 2020, the Government published an [update on the UK's position on CPTPP](#). This said that it intended to pursue accession to the CPTPP for three reasons:

- Increase trade and investment opportunities
- Diversify trading links and supply chains
- Secure the UK's future place in the world and advance our longer-term interests.

On the third reason, the Government said:

CPTPP membership is an important part of our strategy to place the UK at the centre of a modern, progressive network of free trade agreements with dynamic economies. In doing so we aim to turn the UK into a global hub for businesses and investors wanting to trade with the rest of the world.⁶

The Government also said:

Joining CPTPP will help us forge a leadership position among a network of countries committed to free trade and send a powerful signal to the rest of the world that the UK is prepared to champion free trade liberalisation, fight protectionism and remove barriers at every opportunity.⁷

In a speech in July 2020, Liz Truss, Secretary of State for International Trade, said:

But of all the opportunities I've seen, I think CPTPP is one of the greatest. It covers 13% of the global economy – if you had the UK that would be 16%.

[...]

Membership of CPTPP would hitch the UK to the fast-growing Pacific region. It also helps us strengthen our ties with some of our key international allies like Canada, Singapore and Australia.

⁶ Department for International Trade, [An update on the UK's position on accession to the Comprehensive and Progressive Trans-Pacific Partnership](#), 17 June 2020, p4

⁷ Department for International Trade, [An update on the UK's position on accession to the Comprehensive and Progressive Trans-Pacific Partnership](#), 17 June 2020, p4

[...]

We would be able to accede to this agreement in ways that doesn't damage our national sovereignty.

There is no ECJ and there is no harmonisation of domestic regulation and there is no seizing of our sovereign power. What it allows us to do is to be part of a modern, rules-based free trade area.⁸

In announcing its request to join CPTPP, the Government outlined the following benefits:

- Modern digital trade rules that allow data to flow freely between members, remove unnecessary barriers for businesses, and protect commercial source code and encryption.
- Eliminating tariffs quicker on UK exports including whisky (down from 165% to 0% in Malaysia) and cars (reducing to 0% in Canada by 2022, two years earlier than through the UK-Canada trade deal).
- Rules of Origin that allow content from any country within CPTPP to count as 'originating'. For example, this would mean that cars made in the UK could use more Japanese-originating car parts, such as batteries.
- Easier travel for businesspeople between CPTPP countries, such as the potential for faster and cheaper visas.⁹

3.2 Public consultation

In July 2018, DIT issued a consultation paper on potential UK accession to the CPTPP. A [summary of responses](#) was published in July 2019. The Government has said that it will publish its consultation response before the start of CPTPP negotiations. It will also publish its negotiation objectives and scoping analysis before the start of the negotiations.¹⁰ On 2 June 2021, the Government said that these would be published "before negotiations start in the coming weeks."¹¹

⁸ Liz Truss, [Global Britain and the CPTPP \[Speech\]](#), 3 July 2020

⁹ DIT, [UK applies to join huge Pacific free trade area CPTPP](#), 30 January 2021

¹⁰ [Written Ministerial Statement](#), HCWS747, 1 February 2021

¹¹ [DIT, UK welcomes CPTPP nations' invitation to begin accession, 2 June 2021](#)

4 Accession to CPTPP

4.1 The process

Article 5 (Accession) of the CPTPP agreement says:

After the date of entry into force of this Agreement, any State or separate customs territory may accede to this Agreement, subject to such terms and conditions as may be agreed between the Parties and that State or separate customs territory.¹²

The detail of the accession process is set out in an [Annex to a Decision by the CPTPP Commission](#). This document sets out the requirements which the aspirant economy must fulfil:

Aspirant economies must:

- (a) demonstrate the means by which they will comply with all of the existing rules contained in the CPTPP; and
- (b) undertake to deliver the highest standard of market access offers on goods, services, investment, financial services, government procurement, State-owned enterprises and temporary entry for business persons. These must deliver commercially-meaningful market access for each Party in a well-balanced outcome that strengthens the mutually-beneficial linkages among the aspirant economy and the Parties, while boosting trade, investment and economic growth, and promoting efficiency, competition and development.

The objective of comprehensive market access commitments agreed by CPTPP original Signatories through the elimination of tariffs and other barriers to goods and services trade and investment should guide the level of commitments offered by aspirant economies.

In summary, the accession process is as follows:

- The country wishing to accede must notify New Zealand (as CPTPP depositary) of their formal request to commence negotiations on acceding to the CPTPP.
- If the CPTPP decides to commence negotiations, it will establish a Working Group to negotiate accession.
- “At the first meeting of the Accession Working Group, the aspirant economy will demonstrate the efforts made to date, as well as identify

¹² [CPTPP text](#)

any additional changes it will need to make to its domestic laws and regulations, in order to comply with the obligations of the CPTPP.”¹³

- Within 30 days of the first meeting of the Working Group, the country wishing to accede must submit its market access offer on goods, services, financial services, investment, temporary entry for business persons, government procurement and state-owned enterprises.
- If the offer is considered to be in line with the requirements for accession, CPTPP members will submit their market access commitments to the country wishing to join.
- The country wishing to accede will negotiate its market access offers with the Working Group and bilaterally (as appropriate).
- After finalising negotiations, the Working Group will submit a written report to the CPTPP Commission on the terms and conditions for the aspirant economy’s accession.
- The CPTPP Commission will determine by consensus whether to approve the terms and conditions for the aspirant economy’s accession submitted by the Working Group.

4.2

Steps towards the UK’s accession

Informal engagement

Since July 2018, the Government has engaged informally with all 11 members of the CPTPP.¹⁴ In September 2020, the Government announced that it had taken a major step towards acceding to the CPTPP:

The UK has taken a major step in the process of joining CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), one of the world’s largest and most dynamic free trade areas.

International Trade Secretary, Liz Truss, alongside the current chair of the CPTPP Commission, Mexican Economy Minister Graciela Márquez, opened discussions between senior UK trade officials and Chief Negotiators from all 11 members of the Partnership to discuss potential UK accession.

This is the first time the UK has met with Chief Negotiators from all 11 members of the Partnership to discuss UK accession, and the first time

¹³ [Annex to a Decision by the CPTPP Commission](#), para 3.3

¹⁴ Liz Truss, [Global Britain and the CPTPP \[Speech\]](#), 3 July 2020

CPTPP members have had such a discussion with a country seeking membership since the Partnership was created in 2018.¹⁵

The signing of the UK's trade agreement with Japan in October 2020 was described by the Government as an important step towards joining CPTPP.¹⁶ In a side letter to the UK-Japan agreement, the Government of Japan expressed "its firm determination to support the early accession of the United Kingdom to the CPTPP."¹⁷ This side letter is not legally binding.

Formal request to accede

The UK Government made a request to join the CPTPP on 1 February 2021.¹⁸ The Government said that CPTPP membership "would deepen the UK's access to fast-growing markets and major economies, including Mexico, Malaysia and Vietnam, for the benefit of UK business."¹⁹

CPTPP agree to start UK accession process

On 2 June 2021, the CPTPP countries announced that they had decided to commence an accession process with the United Kingdom and establish an Accession Working Group. The CPTPP members said that starting the accession process would "send a strong signal to our trading partners around the world, of our commitment to support a free, fair, open, effective, inclusive and rules-based trading system."²⁰ In reaching this decision, the CPTPP took into account:

- The UK's experience with high standards trade and investment rules
- The UK's commitment to the rules-based trading system
- The UK's intention and commitment to meet the CPTPP's high standards.

The CPTPP Commission said that it was important that economies wishing to join the bloc demonstrated their "full acceptance and commitment to complying with all the existing rules of the Agreement and to delivering the highest standard of market access commitments, consistent with the benchmarks set out in the CPTPP Accession Process."²¹

¹⁵ DIT Press Release, [UK takes major step towards membership of Trans-Pacific free trade area](#), 9 September 2020

¹⁶ Explanatory Memorandum, para 3.4

¹⁷ See DIT, [The United Kingdom's Future Trading Relationship with Japan \[Parliamentary Report\]](#), October 2020, pp36-37

¹⁸ DIT, [UK applies to join huge Pacific free trade area CPTPP](#), 30 January 2021. DIT, [Formal Request to Commence UK Accession Negotiations to CPTPP](#), 1 February 2021. See also [Written Ministerial Statement](#), HCWS747, 1 February 2021

¹⁹ DIT, [UK applies to join huge Pacific free trade area CPTPP](#), 30 January 2021

²⁰ [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\) - Joint Ministerial Statement on the occasion of the Fourth Commission Meeting](#), 2 June 2021

²¹ [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\) - Joint Ministerial Statement on the occasion of the Fourth Commission Meeting](#), 2 June 2021

The CPTPP Commission said it would work with the UK to understand how the UK would comply with all the CPTPP's existing rules and looked forward to receiving the UK's offers on market access.

5 Statistics on UK trade with CPTPP countries

In 2019, UK exports of goods and services to CPTPP countries amounted to £58 billion (8.4% of all UK exports). Imports were £53 billion (7.3% of the UK total). Of the CPTPP countries, Australia, Canada, Japan and Singapore were the largest UK trading partners. These four countries accounted for around 80% of UK trade with the CPTPP countries in 2019.

The UK did more trade with the CPTPP countries in 2019 than with China. UK exports of goods and services to China were £30 billion while imports were £49 billion. UK trade with the CPTPP is much lower than with either the US or the EU. UK exports to the US were £142 billion in 2019 while imports were £90 billion. UK exports to the EU were £294 billion while imports were £374 billion.²²

UK trade with CPTPP countries, goods and services, 2019						
	Exports		Imports		Balance	
	£ billions	% UK total	£ billions	% UK total	£ billions	
Australia	12.0	1.7%	6.5	0.9%	5.5	
Brunei Darussalam	0.1	0.0%	0.0	0.0%	0.1	
Canada	11.5	1.7%	10.9	1.5%	0.6	
Chile	1.2	0.2%	1.0	0.1%	0.2	
Japan	14.7	2.1%	15.4	2.1%	-0.7	
Malaysia	2.7	0.4%	2.6	0.4%	0.1	
Mexico	2.6	0.4%	2.7	0.4%	-0.1	
New Zealand	1.7	0.2%	1.2	0.2%	0.5	
Peru	0.3	0.0%	0.7	0.1%	-0.4	
Singapore	10.7	1.6%	6.9	1.0%	3.8	
Vietnam	0.9	0.1%	4.8	0.7%	-4.0	
Total	58.3	8.4%	52.6	7.3%	5.7	

²² All figures are for trade in goods and services. Source: [Pink Book 2020](#)

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Commentary

In an article in the Sunday Telegraph, Liam Halligan wrote in favour the UK joining CPTPP:

Yet it [the CPTPP] could play a huge role in shaping the economic future not just of Britain, but the world. Comprising 11 nations around "the Pacific Rim" - including Japan, Canada, Australia and New Zealand, as well as Mexico and Peru - CPTPP is trade agreement between nations accounting for 13pc of global commerce. If Britain joined, that would make 16pc - more than the EU27. CPTPP is primed for growth.

Its membership, which also includes Singapore and Malaysia, will generate almost a quarter of global GDP by 2050. By then, the slow-growth EU27 will host just one tenth of worldwide commerce. "Membership of CPTPP would hitch the UK to the fast-growing Pacific region, while strengthen our ties with key allies like Canada, Singapore and Australia," said Liz Truss, the Trade Secretary, in a speech earlier this month. She's right.²³

Critics have said, however, that a trade deal with 11 countries on the other side of the world would bring only limited economic benefits to the UK.²⁴

Sam Lowe of the Centre for European Reform has cautioned against exaggerating the benefits from CPTPP. He has said that on services trade, the agreement simply locks in existing levels of liberalisation. On tariffs, the gains could be limited, given that the UK hopes to have secured trade agreements with most of the CPTPP's members by the time it might join CPTPP. On food hygiene, the CPTPP's rules are weighted against the UK's existing EU-based precautionary approach. The UK could be vulnerable to a challenge from CPTPP members on this issue.²⁵

The UK Trade Policy Observatory has noted that the CPTPP relies on a US-style approach to standards which differs from that used in the EU. They commented that joining "the CPTPP may result in the need to reconcile different regulatory regimes, or at least the need to manage different regulatory approaches." Overall, UKTPO conclude that "the economic gains from the UK acceding to the CPTPP do not appear to be very high. This does not make the accession worthless, but it does need to be put in perspective."²⁶

²³ Liam Halligan, UK can reap the benefit of Pacific alliance, Sunday Telegraph, 25 July 2020

²⁴ [UK applies to join trans-Pacific trade group](#), Financial Times, 31 January 2021

²⁵ Sam Lowe, [CPTPP – as easy as one, two, three?](#), Prospect, 4 August 2020

²⁶ Michael Gasiorek, Guillermo Larbalestier and Nicolo Tamberi, [The value of the CPTPP for the UK](#), UK Trade Policy Observatory blog, 3 February 2021

A blog by the UK Trade Policy Observatory (UKTPO) at Sussex University noted that the UK is aiming to accede to an existing trade agreement, rather than negotiate a new one:

The existing CPTPP members are not going to change the agreement because of the UK's entry. Hence the UK will need to accept whatever market accession concessions the countries are already offering while negotiating the degree of market access the UK needs to agree to in order to 'join the club'.²⁷

7 Select Committee inquiries and Parliamentary debates

The House of Commons International Trade Committee is conducting [an inquiry into UK trade negotiations](#), including CPTPP.

The House of Lords International Agreements Committee launched [an inquiry on CPTPP](#) on 21 January 2021.

There was a [debate on CPTPP](#) in Westminster Hall on 21 April 2021.

8 Further information

Department for International Trade, [An update on the UK's position on accession to the Comprehensive and Progressive Trans-Pacific Partnership](#), 17 June 2020

Department for International Trade, [Consultation on trade with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#)

New Zealand Ministry of Foreign Affairs and Trade, [CPTPP](#)

Australian Department of Foreign Affairs and Trade, [CPTPP](#)

Government of Canada, [CPTPP](#)

Dr Deborah Elms and Hosuk Lee-Makiyama, [A Roadmap for UK accession to CPTPP](#), Initiative for Free Trade, October 2018

²⁷ Michael Gasiorek, Guillermo Larbalestier and Nicolo Tambari, [The value of the CPTPP for the UK](#), UK Trade Policy Observatory blog, 3 February 2021

Institute for Government [Comprehensive Agreement for Trans-Pacific Partnership \(CPTPP\)](#), 6 July 2020

Liz Truss, [Global Britain and the CPTPP \[Speech\]](#), 3 July 2020

[Global Britain and the CPTPP: Advancing UK trade and investment in the Asia-Pacific, \[video\]](#) Policy Exchange, 3 July 2020

Sam Lowe, [CPTPP – as easy as one, two, three?](#), Prospect, 4 August 2020

Erik van der Marel, [UK joining the CPTPP: In Search of the Economic Benefits in Services](#), European Centre for International Political Economy, February 2021

Philip Aldrick, [Britain’s pivot to the east makes sense but there are dangers too](#), The Times, 2 February 2021

Michael Gasiorek, Guillermo Larbalestier and Nicolo Tamberi, [The value of the CPTPP for the UK](#), UK Trade Policy Observatory blog, 3 February 2021

WTO, [Factual Presentation on CPTPP](#), 1 April 2021

Minako Morita-Jaeger, [Challenges ahead for the UK to join CPTPP](#), UKTPO blog, 16 April 2021

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