

#PartnerForTrade**CPTPP: UK Accession**

Introduction The **United Kingdom will officially be joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on 15 December 2024**, becoming the first non-funding and European member since the CPTPP was created. This landmark move integrates the UK into a dynamic group of 11 member countries, covering key markets across Asia, the Americas, and Oceania, becoming the UK's biggest trade deal since Brexit.

What is the CPTPP? The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a **modern and ambitious free trade agreement** between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. It currently **covers almost 14 percent of global GDP and 15 percent of global trade** (about US\$ 15 trillion). Once the UK joins, the CPTPP will be a trading bloc of almost **600 million consumers** and integrating countries from 5 continents. As such, it is one of the largest and most significant free trade agreements in the region. CPTPP was signed in March 2018 in Santiago, Chile and entered into force in December of the same year.

The agreement virtually covers all aspects of trade and investment to eliminate barriers between its members. It features market-access commitments in trade in goods, services, investment, labour mobility and government procurement, for example **eliminating tariffs and reducing barriers for 98 percent of traded goods** to CPTPP members. This also has led to a **comprehensive opening of the services sectors based on a negative list approach**. New business opportunities are opening up, for example in the logistics, education, financial and healthcare sectors.

As CPTPP establishes clear rules and standards, it helps to create a more consistent, transparent and level business environment for member countries.

CPTPP on the way to expansion Article 30.4 of the chapter "Final Provisions" outlines the accession procedures and also outlines the **accession of countries that are geographically outside the Asia-Pacific** region. As more economies join the agreement, its members will continue to gain access to new markets that meet the CPTPP's provisions and enjoy expanded opportunities.

New partner countries must submit a formal application. If the application is approved, accession negotiations can begin. During accession negotiations, only market access concessions of the applicant country are negotiated. The market access concessions of the CPTPP members must be accepted by the new members. Regulatory issues, such as intellectual property protection, digital trade and the sector-specific rulebooks, are not supposed to be renegotiated.

Accession UK The British Government submitted a formal application for membership on 1 February 2021, which was then approved by the CPTPP members. After 21 months of negotiations, it was announced by former Prime Minister Rishi Sunak on 31 March 2023 that the UK will officially join the trade bloc.

The deal will enter into force on 15 December 2024, after the UK successfully secured the sixth and final ratification, which was required to trigger the accession, on 20 August 2024 by Peru. As of now, 9 of the 11 current members of CPTPP have ratified the UK's accession. Only **Mexico and Canada have not ratified the terms yet**, meaning that CPTPP will not yet affect trade between UK and those parties. With the UK entering the agreement, the collective GDP of CPTPP is anticipated to grow from currently US\$11 trillion to over US\$15 trillion.

According to witnesses, the **negotiations faced challenges** in areas such as investment protection, intellectual property requirements, and food standards, including animal welfare. The UK was able to secure exemptions from some generic obligations of the CPTPP, including regulations on intellectual property, Investor-State Dispute Settlement (ISDS) with Australia and New Zealand as well as special arrangement with Malaysia.

Benefits Former Prime Minister Rishi Sunak highlighted that the UK's accession to the CPTPP agreement would bring substantial economic advantages, aligning with the nation's emphasis on post-Brexit autonomy. These benefits would include opportunities to drive job creation, foster economic growth, and stimulate innovation. Membership provides the UK with access to the rapidly growing Indo-Pacific region, which is home to approximately 60% of the global population and is projected to contribute about 54% of global economic growth.

The UK government anticipated that the accession to CPTPP could boost the economy by an estimated **US\$2,5 billion annually**, with wages projected to rise by US\$1 billion compared to 2019 levels. This economic uplift is expected to benefit all nations and regions across the UK. **CPTPP member countries currently account for US\$151 billion of UK trade in goods and services**, corresponding to 7.8% of the UK total exports and 6.0% of UK total imports. The UK government anticipates a 65% increase in exports to these nations by 2030, benefiting from over 99% of UK exports being eligible for tariff-free trade. Key UK exports include products such as cheese, cars, chocolate, machinery, gin, and whisky.

While some view the CPTPP as a suitable alternative to the EU-28-UK trade deal, the **macroeconomic benefits are expected to be relatively modest**. According to an analysis by the UK government, the agreement is projected to **increase GDP by only 0.08% over the next 15 years** — a figure that is just one-fiftieth of the estimated economic cost of Brexit to date, highlighting the difference in scale. The impact will vary across sectors, with niche markets, like cheese and beverage exporters and business services, anticipated to benefit the most.

Questions about the impact for the UK economy were also raised, as the **UK already has bilateral trade agreements with 9 of the 11 CPTPP members**. While the agreement establishes the **first FTA arrangements of the UK with Malaysia and Brunei**, both countries have not been significant trade partners yet, with Malaysia currently ranking only as UK's 34th largest export destination.

However, despite pre-existing FTAs with most of the CPTPP member countries, **CPTPP is expected to bring additional benefits**, as it often goes beyond the provisions of existing agreements. These include for example **more comprehensive tariff reduction and elimination**, improved access to specific member markets, such as dairy and medicine, enhanced benefits for the services sector, additional regulations on digital trade, more flexible rules of origin and the removal of requirements to maintain a local presence for delivering services. Traders can choose between the duty rates specified in the bilateral FTA or those under the CPTPP, opting for whichever terms are more favourable.

Current state of other appli- cations

Since its entry into force in 2018, **several countries have formally applied to join the CPTPP**, including Ecuador (December 2021), Costa Rica (August 2022), Taiwan (September 2021), Uruguay (December 2022), and more recently, Ukraine (May 2023). However, no formal negotiations have taken place. Furthermore, Thailand, South Korea, and the Philippines have also expressed their interest in joining the agreement but have not formally applied yet.

China submitted its application to join the CPTPP on September 16, 2021, expressing its willingness to align its standards with those of the agreement and aiming to expedite the accession process. However, reviewing **China's application is anticipated to be not just a technical but also a political matter**, given the challenges in securing unanimous approval among member states, as required by the accession process. Additionally, the situation between Taiwan and China adds significant complexity due to ongoing geopolitical tensions, further complicating the decision-making process.

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Supported by:



Federal Ministry
for Economic Affairs
and Climate Action

on the basis of a decision
by the German Bundestag

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