



# TTS eGuide to The Comprehensive and Progressive Trans Pacific partnership An Introduction

August, 2023

## Introduction

Signed in March, 2018 The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a trade agreement between 11 nations: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam – and now a 12<sup>th</sup> nation, the UK has joined.

The UK is the first non-founding country to join, and will be its second biggest economy after Japan. The total GDP value of the new grouping to £11 trillion (the EU has a total GDP of c.£13 trillion).

## What's In it for the UK?

The government lists [10 benefits to the UK](#):

1. A gateway to growth.
2. Opening new markets for UK service providers.
3. Data flows.
4. Cutting tariffs on goods exports from the UK.
5. New opportunities from diversifying supply chains.
6. Supporting UK jobs.
7. First trade deal with Malaysia.
8. More access to high-quality imported goods.
9. Strengthening economic security.
10. Encouraging investment.

However, to be honest, the short-term gains are marginal. The UK already has deals with the majority of these nations which have been carried over from its EU membership. Since Brexit, the UK has already added Australia and New Zealand to its trade deal total. Therefore, it was just Brunei and Malaysia left and between them these two account for less than 0.5% of the total of UK trade.

In total, the entire CPTPP accounted for 8% of UK exports in 2019 - less than we sold to Germany.

Even with some changes to the trading arrangements with other countries, the gains from the expanded agreement are expected to be fairly small - around 0.08% of GDP over 10 years, according to the government's best estimate. (In comparison, according to the government's independent forecasters leaving the EU will have reduced the UK's growth by as much as 4% of GDP).

However, the UK Government points to the potential of the CPTPP, indicating the estimates do not account for the fact that some members – e.g. Vietnam - are rapidly growing in importance in global trade - and that other countries may also join (e.g. China, Taiwan, South Korea and even the US; Trump vetoed joining the CPTPP when he was president.)

## What Are The Benefits?

### Trade

- The key benefit is greater access to each other's markets, and agreement to eliminate or reduce 95% of import charges or tariffs. (But some are kept to protect sensitive domestic areas, e.g. Japan's domestic rice production.)
- Manufacturers that get components from multiple countries can claim their products qualify for preferential treatment. They can satisfy "rules of origin" requirements, provided that at least 70% of those components come from any of the participating countries.

- The provisions could help UK's most valuable exports to the CPTPP nations by reducing costs and allowing for the expansion of their supply chains across the member countries.
- Countries must co-operate on regulations, such as food standards. However, unlike the European Union, the CPTPP is neither a customs union nor a single market. Therefore, countries are not required to have identical regulations and standards.
- The agreement will also loosen restrictions on services and digital trade, which matches the UK's ambitions.
- Furthermore, countries can strike their own trade deals with others, as the UK has with the EU - although membership of the CPTPP would not be consistent with re-joining the EU itself.

## **Cross Border Investments**

CPPTP membership means investors from CPTPP countries get the same treatment as domestic firms when investing in projects in other member states. (In 2021, the CPTPP nations accounted for £182 billion or about £1 in every £12 of foreign investment in the UK, and the same going the other way - supporting business and jobs - no bad thing and already at reasonable levels.

## **Are There Any Disadvantages or Concerns?**

- As pointed out above, membership is not compatible with re-joining the EU (if anybody was thinking of doing that).
- CPPTP members can set their own environmental and animal welfare standards. However, the government has stated that they would not allow this to compromise the UK's standards.
- Canadian farmers will have far more access to the UK market, but hormone treated meat will still be banned.
- Lower tariffs will be charged in Malaysian palm oil – which is being blamed for aiding deforestation.

## **When will the Agreement come into force?**

The treaty has to be ratified by all its members before coming into force – which could take at least another year.

## **Conclusions**

For the present, membership is primarily symbolic – but could yield significant rewards ..... in the long-term.

## Appendix One – CPPTP Countries

For a business overview of the CPPTP Countries check out their profiles in The ExportersAlmanac:

- [Australia](#)
- [Brunei](#)
- [Canada](#)
- [Chile](#)
- [Japan](#)
- [Malaysia](#)
- [Mexico](#)
- [New Zealand](#)
- [Peru](#)
- [Singapore](#)
- [Vietnam](#)

Also if you want to extend the reach of your website to these countries - in their own languages – you should consider setting up your own [Multilingual Microsite](#) from [ExpoWorld.cloud](#)