

# Britain launches negotiations with £9 trillion Pacific free trade area

- Joining CPTPP would hitch Britain to some of the world's biggest current and future economies, populated by half a billion people and with a joint GDP of £9 trillion in 2019
- A deal would open new markets for our services industries, lower tariffs on goods like cars and whisky, and create new opportunities for UK farmers
- Our exports to these countries are set to increase by £37 billion, a 65% rise, by 2030

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is home to 500 million people and includes some of the world's biggest current and future economies across Asia-Pacific and the Americas. Joining would give our exporters and services firms better access to these dynamic markets, with almost two-thirds of the world's middle classes expected to be in Asia by 2030.

Our exports to CPTPP countries are set to increase by 65% up to 2030 –£37 billion. Joining would boost this growth and support British jobs. These benefits would increase over time, with the Philippines, Thailand, Taiwan and the Republic of Korea all having expressed interest in joining.

UK negotiating teams will be working over the coming months to ensure a good deal for businesses, producers and consumers across Great Britain and Northern Ireland.

Membership would lower tariffs on key British exports like cars and whisky in industries employing hundreds of thousands of people and should mean tariff-free trade for 99.9% of our exports.

The deal should also benefit British farmers. With CPTPP countries set to account for 25% of global import demand for meat by the end of the decade, joining would support farmers selling high-quality produce like beef and lamb into fast-growing markets like Mexico.

CPTTP is particularly advanced in both digital and services trade, which plays to Britain's strengths as the world's second-largest services exporter. An agreement would make it simpler for the UK to sell services digitally and cheaper and easier for tech firms to expand abroad.

Joining CPTPP would also open new financial and professional services markets for British firms, making it easier for highly skilled Brits to live and work in member countries.

## **Prime Minister Boris Johnson said:**

Membership of the CPTTP free-trade partnership would open up

unparalleled opportunities for British businesses and consumers in the fast-growing Indo-Pacific.

It's an exciting opportunity to build on this country's entrepreneurial spirit and free-trading history to bring economic benefits across the whole of the UK.

### **International Trade Secretary Liz Truss said:**

This part of the world is where Britain's greatest opportunities lie. We left the EU with the promise of deepening links with old allies and fast-growing consumer markets beyond Europe, and joining the high-standards Trans-Pacific Partnership is an important part of that vision.

Membership would help our farmers, makers and innovators sell to some of the biggest economies of the present and future, but without ceding control over our laws, borders or money. It is a glittering post-Brexit prize that I want us to seize.

CPTPP has strong rules to support workers' rights: members must commit to having a minimum wage and recognising trades unions. It also has strong environmental provisions.

The CPTPP agreement has strong rules against unfair trade practices like favouring state-owned enterprises, protectionism, discriminating against foreign investors, and forcing companies to hand over private information. The UK's joining will strengthen the international consensus against such unfair practices.

The free trade area would uphold the UK's right to regulate in its national self-interest, rather than forcing harmonisation on its members. This is well aligned with Britain's system – a strong rule of law coupled with the freedom to set our own regulations.

### **Miles Celic, Chief Executive Officer, TheCityUK, said:**

The world's economic centre of gravity is shifting towards the Indo-Pacific. Being part of the CPTPP would give UK firms greater access to one of the fastest growing populations of middle-class consumers in the world. This economic shift will increase demand for the financial and related professional services and products in which the UK excels.

Joining CPTPP offers Britain an additional platform to make a case for open market and the liberalisation of services trade, a significant prize for the UK and the global trading system. Membership will help the UK to work more closely with other CPTPP members to develop innovative approaches on key strategic trade

priority areas, including data, cross-border payments, regulatory coherence, investment protection, and the mutual recognition of professional qualifications.

**Gerard Grech, CEO of Tech Nation, said:**

We welcome the UK's membership of the CPTPP. There has never been a better time for UK tech on the global stage. The UK was the 5th greatest digital tech services exporter in the world in 2019 and this agreement will boost even more UK tech scale-ups to expand their reach on a truly global scale.

Tech Nation looks forward to working with the UK government to support more UK tech companies to scale and succeed overseas.

**Giles Derrington, Head of Public Affairs at Deliveroo – UK and Ireland, said:**

As a proud UK tech business with operations in a number of CPTPP member countries, it is great news that the UK is seeking to become a signatory to the deal.

The agreement's innovation and technology provisions will help facilitate digital trade for UK companies operating in places like Australia and Singapore and demonstrates the UK's commitment to supporting companies to compete globally.

The UK has an amazing tech sector that I know can achieve amazing things in these markets through the closer partnerships CPTPP can help create.

**Notes to Editors**

- UK exports to CPTPP nations are set to increase by 65% (£37bn) until 2030 and, in addition to this growth, comparative static analysis shows an additional increase in trade by £3.3bn as a result of UK accession. The comparative static analysis is not a forecast. reflects the world as it is now and does not take into account future changes such as the projected shift in economic activity to the east of the world or the impact of technology and innovation.
- CPTPP countries accounted for £110 billion worth of UK trade in 2019 and UK trade with CPTPP member countries has grown by 8% annually between 2016-19.
- Accession could also see 99.9% of UK exports being eligible for tariff-free trade with CPTPP countries. British manufacturers will also benefit from greater choice and lower prices on inputs from CPTPP countries.

- CPTPP holds its members to high standards – they are expected to protect firms and consumers, eliminate forced and child labour, and enforce their own laws in these areas, with members holding each other accountable for meeting these rules.
- We will not sign trade deals that compromise our high environmental protections and food standards. We are a world leader in these areas and that will not change.
- Sources: IMF World Economic Outlook: April 2021, ONS UK Trade, all countries, non-seasonally adjusted: Q4 2020