

UK applies to join huge Pacific free trade area CPTPP

International Trade Secretary Liz Truss will speak to ministers in Japan and New Zealand on Monday morning (1 February 2021) to request to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), with formal negotiations set to start this year.

The announcement comes as the UK today celebrates one year since leaving the EU and becoming an independent trading nation.

Joining the CPTPP would deepen the UK's access to fast-growing markets and major economies, including Mexico, Malaysia and Vietnam, for the benefit of UK business.

Joining the £9 trillion partnership will cut tariffs for UK industries including food and drink, and cars, while also creating new opportunities for modern industries like tech and services, ultimately supporting and creating high-value jobs across the UK. Unlike EU membership, joining does not require the UK to cede control over our laws, borders, or money.

UK trade with the group was worth £111 billion last year, growing by 8% a year since 2016. Benefits that CPTPP membership will bring for businesses include:

- 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.

The Prime Minister, Boris Johnson said

"One year after our departure from the EU we are forging new partnerships that will bring enormous economic benefits for the people of Britain.

"Applying to be the first new country to join the CPTPP demonstrates our ambition to do business on the best terms with our friends and partners all over the world and be an enthusiastic champion of global free trade."

International Trade Secretary Liz Truss said

"Joining CPTPP will create enormous opportunities for UK businesses that

simply weren't there as part of the EU and deepen our ties with some of the fastest-growing markets in the world.

"It will mean lower tariffs for car manufacturers and whisky producers, and better access for our brilliant services providers, delivering quality jobs and greater prosperity for people here at home.

"We're at the front of the queue and look forward to starting formal negotiations in the coming months."

The UK will publish its negotiation objectives, scoping analysis, and consultation response in advance of negotiations expected to start this Spring.

CPTPP membership is a key part of the Government's plan to position the UK at the centre of a network of modern free trade deals that support jobs and drive economic growth at home.

Julian David, CEO of techUK, said

"Today marks an important step in the UK's path to developing a modern trade policy that creates new opportunities for the UK tech sector. Building on our recent agreements with Japan and the European Union, the accession to the CPTPP will allow us to join a group of ambitious countries breaking the newest ground in digital trade.

"The UK has been a major beneficiary of the rise of digital trade with over 67% of service exports worth £190.3 billion being digitally delivered. CPTPP will open up new markets for innovative tech SMEs looking to grow and expand beyond our borders. We are looking forward to working with the government throughout the process."

Mike Cherry, Federation of Small Businesses (FSB) Chair, said

"Membership of the CPTPP would be a hugely welcome development to all small businesses looking to either expand or begin their trading journeys.

"Crucially, at the very heart of this agreement is an SME chapter, something that we have lobbied for the inclusion of in every FTA, ensuring that no business is left behind.

"This is truly a world-leading agreement and one that will genuinely help small firms to thrive and succeed more than ever."

CBI President, Lord Karan Bilimoria, said

"This ambition marks a new chapter for our independent trade policy. As one of the largest free trade agreements in the world, these 11 countries contribute over £100 billion to our economy.

"Membership of the bloc has the potential to deliver new opportunities for UK business across different sectors. The CBI will continue to work with the Government to ensure that firms get the most out of an agreement that will

create jobs and deliver wide-ranging benefits to communities across the country.”