

An unlikely Trans-Pacific alliance? The UK's case for CPTPP membership

Blog post by Associate Elly Darkin, 30 September 2020

When the UK and Japan finalised their new Free Trade Agreement (FTA) this month, Tokyo made a point of insisting that the agreement was a stepping-stone to UK accession to the [CPTPP](#), or Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Joining the Asia-Pacific trade deal - which includes Japan, Australia and Canada among others - has long been a possibility for the UK government, but the idea has gained traction over the last few months. So will it happen, and what might it mean?

The clunkily acronymised 'CPTPP' is a multilateral FTA signed by 11 countries around the Pacific rim. It emerged from the ashes of the Trans-Pacific Partnership, from which the US withdrew in 2017. The salvaged text was repackaged as the CPTPP and entered into force in 2018, creating the third largest free trade zone after NAFTA and the EU.

Japan's enthusiasm for UK accession comes from its desire to contain an increasingly assertive China, which was a key priority under former Prime Minister Abe. While the UK is no replacement for the US, bolstering the CPTPP would strengthen its original geostrategic aim of building a regional counterweight to China's practices on regulation, IP discipline and digital trade.

The UK also has its own reasons for considering the partnership. It is already pursuing bilateral FTAs with Australia, New Zealand and Canada, making CPTPP accession a plausible next step. The case for membership is partly economic, partly efficient, and partly strategic.

The economic argument is probably the weakest, as no official economic assessment has yet been conducted. Government publications often cite large trade figures to illustrate the UK trade and investment relationship with CPTPP members, but there is no projection of how this is likely to grow. We know from experience that trade liberalisation often delivers modest gains. The new UK-Japan FTA is predicted to increase UK GDP by just 0.07%, for example.

The efficiency argument is simply that the CPTPP secures 11 arrangements in a single deal. This should not be overstated. The UK must conclude accession negotiations with all 11 members before signing up to the overarching framework. While the UK already has trade agreements in place with 3 CPTPP members (Chile, Peru and now Japan), the others will still need to be negotiated. The additional deals will not add much, and the benefits of policies like regional cumulation will be limited given the UK's geography. Negotiations will not be politically straightforward either. While the CPTPP has none of the acute political sensitivity of the UK-US negotiation around regulation, it still bears enough of the US' 'not made in the EU' stamp on regulatory disciplines to mean that UK negotiators will have to tread carefully.

The strategic case is in some ways the most interesting. It would be an interesting piece of UK positioning as it leaves the EU; the UK would be embedded in the regulatory diplomacy of the Asia-Pacific in a new way at a time when China is using initiatives like the Belt and Road to assert its own prerogatives. If the US ultimately returns to the CPTPP under Biden or a future President, a UK that had got there first would have an easier route to a deal with the US if the current negotiations do not produce one.

The UK's current trade relationships with CPTPP members

Japan	UK-Japan FTA agreed in principal in September 2020.
Chile	UK-Chile FTA rolled over in February 2019.
Peru	UK-Andean Countries FTA rolled over in May 2019.
Singapore	EU-Singapore FTA not yet rolled over. Engagement ongoing.
Canada	EU-Canada FTA not yet rolled over. Engagement ongoing.
Vietnam	EU-Vietnam FTA not yet rolled over. Engagement ongoing
Mexico	EU-Mexico FTA not yet rolled over. Engagement ongoing.
Australia	No FTA. Second round of trade negotiations held in September 2020.
New Zealand	No FTA. First round of trade negotiations held in July 2020.
Brunei	No FTA.
Malaysia	No FTA.

Source: Global Counsel

For many UK businesses, joining the CPTPP no doubt seems far-fetched given the much bigger challenges of securing a Brexit deal. To be sure, the economic gains from membership would almost certainly be limited and UK exporters will probably stay sceptical. However, there is something of a geostrategic case to be made - and if it does not distract the UK from an EU deal and locking down its own versions of EU FTAs, then businesses have little to lose from London looking for ways to matter more in the Asia-Pacific.