



International Agreements Committee

Uncorrected oral evidence: UK accession to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Tuesday 19 December 2023

4 pm

Watch the meeting

Members present: Lord Goldsmith (The Chair); Lord Fox; Lord Grimstone of Boscobel; Baroness Hayter of Kentish Town; Lord Howell of Guildford; Lord Kerr of Kinlochard; Baroness Kingsmill; Lord Marland; Lord Razzall; Lord Udny-Lister; Lord Watts.

Evidence Session No. 6

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Questions 56 - 76

Witnesses

I: Lord Johnson of Lainston CBE, Minister for Investment, Department for Business and Trade; Rob Cook, Deputy Director for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Department for Business and Trade.

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Examination of witnesses

Lord Johnson of Lainston and Rob Cook.

Q56 The Chair: Welcome to Lord Johnson of Lainston and Rob Cook, who is the deputy director for the CPTPP. We welcome you very much to this evidence session of the International Agreements Committee. You have been given a list of the interests declared by members of the committee. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be made available and published on the committee website, but you will have the opportunity to make corrections to that transcript where necessary.

With that welcome, I will proceed to the first question, if I may, and then other members of the committee will ask questions. In the inquiry that we have had so far, we have been asking our respondents to tell us what they see as the benefits and possible risks in relation to the CPTPP. I wonder whether we could get it directly from you, please, Minister. What do you see as the risks and benefits of membership of the CPTPP?

Lord Johnson of Lainston: Thank you very much, Lord Goldsmith, and thank you to all of you for your continued engagement in this forum, but also throughout the passage of the Bill through the House of Lords. Many of you have a significant interest and a huge amount of experience in trade, investment and international treaty making, so I am very grateful to you for, frankly, the questions you have asked me and the support you have shown me.

For me, the CPTPP represents a very important component of the Government's post-Brexit vision of Britain, in the sense that we want to create new trade routes for our goods and services. Unlike the direct trade relationships we negotiated, for example, with Australia and New Zealand, the CPTPP gives us access to a plurilateral group of nations that have a very clear view that they want to expand and increase the amount of trade they do between the countries and reduce frictions accordingly.

It is attractive for us to be a member because it is a modern agreement, so it has been designed with the modern age in mind, covering concepts such as digital services and very important areas such as the environment, which historic treaties may not have done. The real benefit for the UK is to access this plurilateral forum, which will give us enormous benefit in linking ourselves into these 11 other nations.

On top of that, which is not to be ignored, we have effectively signed a free trade agreement with Malaysia particularly, as well as with Brunei. That is important for the UK. It is a very efficient way of aligning us with Malaysia, a nation that has huge affinity for the UK, where we do quite a significant amount of business, from which I see a great deal of investment coming into the UK and where quite restrictive tariff barriers previously prevented us selling effectively into that market goods such as chocolate, whisky and so on.

The Chair: So that those listening are clear about this, you single out

Malaysia and Brunei, because those are the two countries that we do not currently have free trade arrangements with.

Lord Johnson of Lainston: That is correct.

The Chair: If I may push a little further, as I say, one thing we have learned during our evidence sessions is that people think it is a good thing. They are very positive about joining, but they are less clear as to what the actual benefits are. I wonder therefore whether we could get, from the Government's view, the exact benefits. You have identified some of them. Is there anything else?

Lord Johnson of Lainston: Yes. Given the constraints of the time of this committee—and there is a question further on about how we utilise FTAs effectively—we need to make sure that the benefits are clearly projected into the UK. A free trade deal with Malaysia is very important. It accounts for a significant amount of our trade. I cannot remember the exact details, but it is a significantly important market for certain of our agricultural goods, such as whisky and chocolate.

We also are entering into a structure that, when you consider the complexities of modern trade, gives us huge advantages when dealing with the issue of rules of origin. There are generous rules of origin provisions that enable us to source components from CPTPP countries and that allow the goods to move around, as they do, in the production cycle and benefit from the intercountry tariff-free quota access, which is very important. We want a simpler life for our goods and services, without having to sign up necessarily to onerous governance issues, which clearly were an issue with the European Union before this.

Q57 **Lord Marland:** Thank you, Minister, very much indeed for being so open with us. Clearly, there is a keenness and willingness to include other countries in this trade agreement. As a group, we are slightly concerned, if China rears its ugly head, which has been mooted, about the relationship that might have with Taiwan, or whether you could do Taiwan without China. It is politically quite challenging.

Lord Johnson of Lainston: I am very sensitive about commenting, as a Minister, while we are still undergoing the accession process to a multilateral forum in terms of other entrants. There are six other countries that have said that they wish to apply. Maybe they have made the formal application; I am not sure of the details. It is up to us once we have joined to then opine on new members.

As I said in the Committee stage debate earlier this week, the standards for application are extremely high. To give you an understanding, in relation to the UK's relationship with state-owned enterprises, there was particular focus on state ownership of Channel 4. That gives you an example of the levels of discussion and detail to which we went to prove that we were of the highest possible standards to join the CPTPP group. It is important that members of this committee, Parliament in general and

the body politic are aware of the fact that new accession comes as part of a consensus-driven approach, which is important.

Maybe I should have said this when we discussed the advantages. We are going to be in one of the biggest free trade blocs in the world and we will have an opportunity to help define the rules and set the structures around which the future of trade is based. I want to get us in there and then—absolutely right—to have discussions about future accession countries. We have absolutely assured this House, and I would like to assure this committee, that if a new country was to accede to the CPTPP, we would see that as a fundamental change of the FTA agreement and it would go through the CRaG process, so Parliament would have an opportunity to opine on that.

Q58 Baroness Kingsmill: I am interested to hear that you think we can be of influence. We are a little late to the party in joining this trade agreement. Many of the structures and rules have already been established on an American model. To what extent do you think we will be able to be influential in these circles?

Lord Johnson of Lainston: It would not be for me to be disrespectful and to suggest that we are late to the party. We are the first member of the party. We are the first new acceding member since the organisation was established, so that is a very powerful thing. We are the first new member, which gives us a great deal of leverage, to be honest, in bringing newness to approaches that we think are relevant.

There will be a review, starting in early January, of five years of the CPTPP as it stands now being done by the parties, which we have been invited to participate in. We are not a fully acceded member, but it is a very powerful signal to us of how we can expect to be treated when we are asked to participate at this level and to feed in ideas for the way it could evolve. It is not for me to comment on what they might be now, but suggested areas would certainly be how we have dealt with the advance in digital trade in the last five years. Things have changed: there are cryptocurrencies, new methods of transactions, digital signatures and so on.

We will definitely be looking to feed in to the way we continue to modernise the agreement. I have enjoyed very much the debates we have had in this House about other areas that may not be covered in some of the countries, such as artists' resale rights, which are not in half of the countries that we have signed up with in the CPTPP. How can we bring our influence to bear in their own domestic markets?

Then there are environment issues. I believe firmly that the Australia-New Zealand trade deal saw improved animal welfare and environmental standards being introduced into Australia on account of the fact that we were negotiating an FTA. We used that as powerful leverage to drive behavioural change so that people were more aligned with us.

Q59 Lord Udney-Lister: You touched on this already, but I wanted to ask you

about the review of 2024 and where we are going to go. Where do you see us going? How do you see the UK using its influence to change and develop the CPTPP further?

Lord Johnson of Lainston: I have answered that to some extent. To give some fresh perspective I might ask my colleague Rob, who is the chief negotiator, to talk about some of the general areas. We are not looking to talk about leverage points, but there are clearly areas of the advance of trade systems that are probably useful to cover.

Rob Cook: You have elevated me. I am the deputy chief negotiator.

Lord Johnson of Lainston: You have been promoted.

The Chair: It is good to come to this committee, is it not?

Rob Cook: Yes, exactly. I will give a quick bit of background on the general review. CPTPP parties were supposed to review the agreement three years after entry into force, but that was delayed for various reasons, including Covid and that sort of thing. New Zealand has really grasped the nettle this year and agreed terms of reference, which we helped to shape. The review itself will kick off in the first half of next year. It is about looking at where we might update and enhance the agreement.

We always talk about the CPTPP being the gold standard, so it is about looking for where the CPTPP might need to be enhanced or updated to still be the gold standard deal. We started thinking about what our priorities will be, but we want to engage with stakeholders to make sure that we have understood their priorities as well. I do not want to get ahead of that process. We will have a period of engagement with stakeholders, starting, I hope, in January.

As the Minister said, when we meet with and talk to other the CPTPP parties, as I was doing in New Zealand just last week, some of the common themes that we hear from them are about updating the digital economy chapter, or thinking about how it can be kept more up to date, and thinking about how the world has moved on on the environment since the CPTPP was first agreed. These are areas where the UK has expertise and interest. Going back to what the Minister was saying about how we can influence in the deal, we are the second-largest economy in the CPTPP, so we definitely have an influence, and I am already seeing that in the meetings that I am in.

There are two important bits to bear in mind, though, as we go into the general review process. First, we think that this is already a well-functioning, high-standards agreement. We are not talking about major change or ripping up what is already there. We joined it, because we think that it is a really good, well-functioning, high-standards agreement. Secondly, any changes in the general review process are going to need consensus among all 12 members, which is always difficult. I expect that any changes resulting from the process will be quite targeted and focused, but we are looking forward to engaging in it.

Q60 **Lord Fox:** Have you looked at all at mutual recognition of qualifications, for example? That is a key driver of service industries and could perhaps be part of the review going forward.

Lord Johnson of Lainston: That is a very important point. That comes from some of the benefits of the CPTPP. What is useful for us are the various committees relating to the CPTPP. There is a professional services group and committees on financial services, entry for businesspersons and so on. There are quite a few areas in which those sorts of concepts can be discussed, unless there is anything specific that you want to add.

Rob Cook: I would add that the services chapter to the CPTPP has an annexe that is about working together on recognition of professional services qualifications and so on. Those opportunities are built into the CPTPP already. We have only just arrived, but we will be interested to see what conversations are already going on in that space and whether there is more that can be done.

Q61 **Lord Grimstone of Boscobel:** It has been put to us that, because there is no standing secretariat for the CPTPP, a greater load falls on the member countries of it. We think there is a huge opportunity for the UK to shape the future direction of this, but that will obviously be resource intensive for your department. Do you think the department will put in place sufficient resources in order to have an influence in the CPTPP commensurate with our standing and economic position going forward?

Lord Johnson of Lainston: From my point of view, yes. We have a team already around the negotiation. How many is it—12?

Rob Cook: Yes, it is around 12.

Lord Johnson of Lainston: You are included in that.

Rob Cook: Yes.

Lord Johnson of Lainston: That is an important point. There is a secretariat that moves around with the leadership, the presidency, the chair—whatever it is called—of the CPTPP group, in the same way that you would have at G7 or G20. You have a lot of experience, Lord Grimstone. That is an important part of it.

You are right. If we can continue to dedicate resource to this point, it will allow us to provide extra leverage in terms of the inputs. Clearly, if the people are willing to do the work and provide the background, that will help. That is a well-made point, and it is the sort of thing that I definitely would encourage. We have to hope that we can have the resource post-accession to ensure that we can contribute in the way we would want to.

Q62 **Baroness Hayter of Kentish Town:** On the other side of that, without a full-time secretariat of the CPTPP, there is quite an onus on that, and it is going to get more complicated when we and possibly others are in. Might you look in the review at whether that is satisfactory or whether the CPTPP is going to need its own secretariat, rather than relying on

whoever holds the presidency at the time?

Lord Johnson of Lainston: That is a very reasonable point to make, and I am sure that it is the sort of issue that has arisen in discussion among party members. On the one hand, instinctively I would not necessarily be pro creating additional bureaucracy, but we want to make sure that all parties can provide the resourcing to ensure that this can function. If you look at other trade deals, you would not necessarily have a standing FTA unit for, for example, the Australia-New Zealand free trade deals. That would come under normal business as usual of the department. I take Lord Grimstone's point that we want to make sure that we are properly resourced in order that we can give the input that we want. I think that will be respected by our fellow members.

Q63 **Lord Howell of Guildford:** I want to widen Lord Udny-Lister's question about our organisation this end, as it were. This is really a pan-governmental story, is it not? It is a very big story indeed, of which actual trade details are only a small part. I get the impression that the Ministry of Defence, for instance, wants to link up the whole of its own defence industry developments and supply chains with the economic side as well. Over at the FCDO, they talk more and more about soft power as being the way into our relations with all these very fast-growing countries in areas where there will be the most growth over the next 30 years.

It seems that we are really thinking in terms of almost all departments being involved in all this. Is that your impression too? Is Whitehall moving towards organising a really powerful force that covers all the ground, not just trade itself but the defence, the soft power and, indeed, the energy and green expansion, which is an enormous part of our trading and will be bigger still? Are all these things under the grip of one organisational approach?

Lord Johnson of Lainston: It would be fair to say that it is not under the grip of one organisational approach. With your great experience, Lord Howell, you know that the British Government do not necessarily work in that way or to a specific concept such as the FTA. Is there cross-government enthusiasm for this extraordinary multitrillion pound or dollar trading zone to try to take advantage of it? Absolutely, yes.

Of course, each country is a member of this group, with shared benefits through giving people access to each other's markets. It is not a union or its own defined nation. It is indeed just a grouping and a set of rules that we want to apply to. With some countries, we will have even more enhanced relationships. With others, we are just at the beginning of that relationship. Making the most of that is not just the focus of a specific group but actually all our posts overseas. When I travel around the CPTPP countries, which I have recently done and do continually, the fabulous teams we have on the ground, led by our ambassadors and high commissioners, are the ones we particularly focus on in order to maximise the benefits of these relationships.

Q64 **Lord Kerr of Kinlochard:** Thinking of the general review, the climate

change provisions in our agreement with Australia are not particularly strong. Given the change of Government and change of policy in Australia, Australia might be keener to go further now. However, these provisions are stronger than those in the CPTPP. Will we be seeking, in the general review, stronger climate change provisions?

Lord Johnson of Lainston: I do not know the answer, in the sense that we have not yet participated in the review. We need to understand what the agenda is that we can participate in, but I refer back to my earlier point about how I believe strongly that the relationship with Australia will continue to deepen on climate change and animal welfare.

That is one of the reasons why we should be pushing ahead with the free trade agenda. Even if today the policy agenda may not be as strong as we want, we have entered into a framework that allows us to have these discussions and show mutual benefit in terms of production standards, which effectively is what this goes back to. That will allow us to push change because it will be worth the while of the interlocutor nations.

I am very positive about the opportunities for us to make sure that we are aligned when it comes to driving our agenda around vital issues such as climate change. It is not for me to say now what we will bring up in the necessary reviews, but I am sure there will be a mechanism for discussion of the review. I am not sure how the process works.

Lord Kerr of Kinlochard: Will you be publishing a White Paper or something before the review, saying what you are hoping to get out of it?

Lord Johnson of Lainston: It is a fair point to raise. I do not believe we are. I do not know whether Rob has any more information on this.

Rob Cook: For now, we are just looking to open a period of engagement with our stakeholders. I do not think we have determined exactly how it will work after that. This is a unique process that the UK has not taken part in before. The CPTPP parties are also working out exactly how it is going to function. Beyond opening our period of engagement with our stakeholders, I do not have anything to add on that.

Q65 **Lord Udney-Lister:** I want to follow this point up a little further. There is a rotation of chairmanship. You equated it a bit to G7 and G20-type arrangements. The great thing about the G7 and the G20-type arrangements, which also have rotating chairs and different countries at different points in time, is that, by and large, the UK team remains pretty constant. In fact, it is at a pretty senior level in the Cabinet Office. There is a lot of top-down control on this.

It strikes me that the CPTPP is more akin to that—I had not really thought about it properly before—than a normal free trade agreement, where you have only a periodic review. This will have stuff every year; there will be things happening. Excuse me saying this, but normally in your department you rotate people quite a bit. Are we going to see a degree of consistency, and at a senior enough level to deal with this?

Lord Johnson of Lainston: We have a dedicated team of a dozen, which is quite a significant amount of resource. I would like to think that we have some very senior people on the team, but do not forget that we have to combine that with the diplomatic missions on the ground, which will be feeding in specifically. Using G7 or whatever as an example is probably only partially useful, because they are two very different things. This is a treaty structure.

The committees—I think there are 19—are the important mechanisms for discussion and evolution. They meet on the whole, I think, every two years, but that is pragmatically managed. I think the idea is that they will probably end up meeting more frequently and some already have.

We have to feel our way here. This is an exciting opportunity for the UK. It is a multilateral trade forum. It is not a union of nations. This is very important. In terms of secretariats and governance, we have to be quite careful about what we think we are entering into. This is a huge opportunity for us to benefit from lower tariffs and greater market access. The teams that I would recommend we retain as an established presence in the DBT are those that can assist in helping drive that agenda forward and try to find more ways for mutually beneficial trade and access, rather than necessarily having a more significant agenda than that, which would probably be best placed in another forum.

The Chair: We turn to Lord Kerr on the issue of ISDS.

Q66 **Lord Kerr of Kinlochard:** Some of the evidence we have suggests that there is some uncertainty out there about our Government's policy on investor-state dispute settlement. I think the committee rather shares that uncertainty. We do not have ISDS in the deals with Australia and New Zealand, because both countries do not believe in it. We do have ISDS in this agreement. All the evidence was defensive. There was not much discussion that I can recall of how we might make offensive, market opening use of ISDS. It was how foreign firms might interfere in our regulatory process, or try to, through ISDS. It was suggested that Canadian firms might be particularly litigious. I do not share this worry, but what is the Government's view? Presumably some advised you that it would be a good idea to have a side letter disapplying it for Canada. You decided not to do that, or the Canadians did not agree a side letter. What is the Government's policy?

Lord Johnson of Lainston: We are comfortable using any mechanism that we can to protect our UK investor base investing in the rest of the world and in treaty countries. That is the priority from my point of view, although I am responsible for foreign direct investment. The second priority is to make sure that the international investment community sees the UK as a stable and consistent environment in which to make its investments and that there is a strong degree of rule of law and predictability. ISDSs do that quite well.

We have never shied away from signing an ISDS. Some countries—I think Australia and New Zealand—did not want to have ISDSs, so they

carved them out. As far as I am aware, Canada did not ask for a carveout. I rather agree with you, Lord Kerr. I have never understood the great fear of ISDSs. Allegedly we had one successful case when we were in a joint action, but I do not think we have ever, as a single country, had a successful ISDS case brought against us.

We run a very effective rule of law process. We would not want to derogate that by suggesting that we would not sign up to these systems in any way. It protects UK businesses' investments around the world, which are significant. It is very important that we project the mission when negotiating these treaties that we are willing to sign up to mechanisms that will protect our investments overseas.

Lord Kerr of Kinlochard: India is perhaps a paradigm case. Are we pressing for ISDS in the negotiations with the Indians?

Lord Johnson of Lainston: I am afraid that I do not know the answer to that. I would have certainly thought that how we protect our international investments is considered when we are looking at all our treaty opportunities around the world. How you do it differs from nation to nation and clearly that is part of the negotiations, I would have supposed, but I cannot comment on the India negotiations. I am not party to them.

Lord Kerr of Kinlochard: I say "paradigm case" because of the sad history of companies such as Cairn being screwed.

Lord Johnson of Lainston: I think we had an ISDS, or it had ISDS obligations to certain countries, which no longer continue. I am not sure of the details.

Lord Kerr of Kinlochard: But in principle we are in favour of ISDS.

Lord Johnson of Lainston: We are, absolutely.

Lord Kerr of Kinlochard: It is not in the Australia deal because the Australians did not want it.

Lord Johnson of Lainston: That is my assumption, yes. We think they give us a strong opportunity to protect our investor base when investing internationally and we have nothing to fear when it comes to investors investing in the UK. The very fact that we signed up to the CPTPP, or are signing up to it, with ISDS provisions in that treaty proves that point. There are other investor protection mechanisms that can be included in treaties. The ISDS is one piece. Clearly it is an established route, but there may be more evolved modern ways in which we can achieve our goals while giving the protections we want.

Q67 **Lord Howell of Guildford:** We are aware, are we not, that China has 60 or 70 investment agreements with its export markets and is spreading them all the time? Do we have the same amount, particularly with Commonwealth countries? Are they called BITs—British investment agreements?

Lord Johnson of Lainston: They are called bilateral investment treaties. I am not sure, however, whether I know the answer to the question in terms of relationships with China's investments.

Lord Howell of Guildford: They are spreading everywhere with the Chinese. You are aware of what they are doing.

Lord Johnson of Lainston: I am aware that they have a very significant international trade project, yes. We need to make sure that we stand alone, in our own right and in our own way, by making sure that we drive forward these opportunities to sign up to these treaty fora. That is why I am grateful for committee members' help in making sure that we can pass this Bill through the House as soon as possible.

Q68 **The Chair:** There have been a couple of questions to which you have said you do not know the answer. Would you be willing to go back and, if you are able to find the answer and willing to divulge it, you or your office could write to the committee?

Lord Johnson of Lainston: Yes, sure. I was not sure what I did not answer clearly enough.

The Chair: If your office looks at the transcript, you can see.

Lord Kerr of Kinlochard: It was about India.

Lord Johnson of Lainston: I would not comment on negotiations or anything that would be considered sensitive. I am sure you understand. If there are any factual areas that you want me to update, I would be delighted to do that.

The Chair: All I was going to ask you to do was to look at the transcript and see whether there was anything else you could say.

Lord Johnson of Lainston: I always do this and am pleased to.

The Chair: I ought to underline that I have declared my interest in investment treaty and things such as that because of the legal practice that I have.

Q69 **Lord Razzall:** Can I come back to the trading opportunities that come from the CPTPP? I have bored my colleagues with every witness who has come before us to ask them what they think the opportunities are. As you know even better than I do, your own numbers showed that the current trading opportunities for the CPTPP were under 0.1% addition to GDP. Your colleague said that this was the gold standard of trading agreements. At the moment, the gold standard of trading agreements is going to produce under 0.1% of our GDP.

To put my question in a different way, is there a standing team with responsibility to increase our trading opportunities under the CPTPP? Clearly everybody, including you, thinks that this will bring huge trading opportunities, but do the Government think that they have a role in that and, if so, do they have a team to try to make things happen?

Lord Johnson of Lainston: Yes, absolutely. There is always more that a Government can do, because resources are limited, and I have been very open about this. Given the resources that we are able to deploy, we are pretty successful. We have the Make brand, which projects our quality exports around the world under a common umbrella, which has been very successful. We have our export and international trade advisers located around the country particularly in order to help businesses on the ground in the UK. We have our trade envoys. I think some of you in this room may be trade envoys. We obviously have staff on the ground around the world in post in order to help our exporters. We do a huge amount, and on top of that we have export mentoring and various campaigns to try to encourage people to export.

At the end of the day, if I can be very open about one point, it is not solely the Government who are responsible for helping companies export. The issue is a cultural change in order to have more companies that wish to export in the first place. It is not a limitation of our services, although clearly we could always do more and put more resources in if it was felt useful. It is the sheer nature of the fact that we have a lower percentage of companies exporting than most European countries, for example. I am hoping that our trade agendas, such as the CPTPP, will allow us to act as a sort of beacon to create momentum, talk more about free trade and the opportunities, and try to light the fire that will get more companies exporting, using our services and making more money.

Lord Razzall: Out of the 15 or however many countries there are, it is only Malaysia and Brunei that we do not already have a trading agreement with. Presumably everything you just said would apply without the CPTPP to the relationships with all those other countries.

Lord Johnson of Lainston: Yes, it would.

Lord Razzall: I am trying to get at what specifically we think this agreement will add to what we already have with those countries. I know people say that Malaysia is a big opportunity, and we do not have a trading agreement. Leaving that aside, what does this add, and will there be a team to try to ensure specifically that this treaty creates opportunities?

Lord Johnson of Lainston: That is a very good point. The answer is that, yes, there will be that work done. It is being done at the moment. We have our team of a dozen or so particularly focusing on the agreement. We will look to tailor specific marketing opportunities in order to promote the benefits. They are complex. There are complex benefits over mobility, professional qualifications, rules of origin and so on, which, even in a sophisticated committee such as this, take some time to wrestle with. How we break that down and market that is very important.

It is an area that is worthy of challenge. It is very difficult to clearly market benefits of complex trade treaties. This is work to do. I am confident that the department is doing it. We have been quite successful in promoting that with Australia and New Zealand. We will have to see

how that works when we look back in a year or two. The challenge is well made. We are very aware of it, but it is absolutely right that we market our opportunities successfully, given the structure that we have.

Q70 Lord Fox: Minister, you have mentioned rules of origin twice. The first time, you said that it was a tremendous opportunity. I am assuming that your department has done some analysis on which particular industries and manufacturing sectors in the UK will benefit from this rules of origin opportunity. It would be really helpful and would answer some of Lord Razzall's questions to know which industries your department has identified as being particularly likely to benefit from the rules of origin opportunity.

Lord Johnson of Lainston: The first industry we would think of is manufacturing and the auto industry and associated industries there. I am happy, and it might be quite helpful, to put more detail together on this and send that to the committee. It is a good exercise. It is advanced manufacturing, moving components around and within the CPTPP countries and exporting them outside that grouping, that will be most useful for us. Clearly, rules of origin are relevant for that area, which is a particular reason why we have been so excited about it.

Rob Cook: On rules of origin, part of the thing about having these new opportunities is that there is the potential for creating new supply chains and opportunities that British businesses might not have previously seen were there. You cannot just do that static analysis. You also have to think about the dynamic picture of who might want to take up an opportunity that was not previously available.

Lord Howell of Guildford: This is just a slight correction of myself from a moment ago. I was referring to bilateral investment treaties, but said business investment treaties. I am sure you recognised that. We have them with a great many countries, including several of these countries as well.

Lord Johnson of Lainston: We have a number of them.

Lord Howell of Guildford: Presumably, on the question you are now discussing, the team that has already given us the AUKUS set-up and the Japanese combat aircraft set-up, which involves a huge new range of supply chains, component chains and multilateral arrangements, is presumably tied in with this. This is the same story, is it not?

Lord Johnson of Lainston: It is. They will benefit from this, absolutely, and I am delighted that that is the case. These are separate pieces of work with different departments trying to make the most of the relationships. That is why we are keen to join the CPTPP: because it will give us additional advantages.

Q71 Lord Watts: I think this question about the team that you are setting up to exploit the benefits from this has mostly been covered. Have you anything else to say about that? Is there something specific that will drive the sorts of figures that people have been bandying around? As we

have heard before, the figures are relatively low. There may be opportunities for it, but that will need investment, time and effort if you are to achieve the aim of boosting trade in this area.

Lord Johnson of Lainston: To make a sort of clarification, I do not think that in two years' time we would necessarily have a specific CPTPP team. In our department we tend to work on a sectoral basis, as Lord Grimstone knows. That is probably the best way of making the most of the specialist knowledge on these opportunities. On top of that you then have the various campaigns that would have to be tailored to the CPTPP, so it would require dedication of resources.

I welcome these questions being raised, because it allows me to go back to the department and talk to the Treasury about the opportunities that could be afforded us if it supported us a little more. I am completely on your side on that. The resource will be there and making the most of the FTA. Every time we talk about free trade, the Secretary of State, Kemi Badenoch, says that it is all very well doing these treaties, but we have to make sure that we take advantage of them and that the people in the UK feel the benefits of them, whether it is through their own ability to be mobile within these countries or to generate wealth and job opportunities.

Q72 **Lord Grimstone of Boscobel:** This is just a very quick point. We were told by the Australian high commissioner, I think, of a rather strange anomaly. If, say, an SME is exporting something to Australia, it has to declare whether it is exporting it under the Australia free trade agreement or under the CPTPP. I suspect that, for some of these firms, it would require a very elaborate algorithm to work out what is the most beneficial agreement to take advantage of. The process that was set out for us was amazingly complicated. Is there any simplification that the department can do to make this much more of a routine thing, so that, if a business is exporting to one of these countries, somehow, almost automatically, the right arrangements kick in?

Lord Johnson of Lainston: That is a very good point. That is the case, and it adds additional complexity. I went on to our website myself to assist exporters to check that it worked well, and I was very impressed by what I saw. I do not know, Rob, whether you have any comments on the technical details.

Rob Cook: No, not on that specifically. The key point is that we know that this is complex for businesses. That is why we are really focused on the agenda of what we call utilisation: how we are going to support businesses to use this. We know that the rules of origin provisions, for example, are very complex, so we are thinking really carefully. We have a dedicated utilisation team. How do we make sure that we have the provision, the guidance and everything in place?

The Chair: You are aware of the evidence we have had that, for example, some people find it easier to use another country's website to discover what our rules are than to use our own website.

Lord Johnson of Lainston: I do not welcome hearing that at all. I have seen some of the comments being made. As I said, that is why yesterday I went on to our own systems myself. I have done various mystery shopper tests and so on. We are starting to deploy and hoping to use new technologies, AI and so on, to make the most of these opportunities. As you say, Lord Grimstone, we will have to be pretty advanced and sophisticated about that.

Q73 **Baroness Kingsmill:** Moving on slightly to a different area, I wondered how the UK's commitment arising out of this agreement will interact with the wider UK-EU trading relationship. Are there any commitments that will affect the future of our trading partnership with the EU?

Lord Johnson of Lainston: Every treaty that we negotiate is negotiated in light of our existing obligations. That is very important. Many of these obligations have most favoured nation clauses in them, which result in ratchets up if we give more favourable treatment to other parties. That helps to drive overall change in that sense. I would not suggest that that policy would change going into the future.

Baroness Kingsmill: There is no sense of priorities or anything like that that you wanted to discuss.

Lord Johnson of Lainston: In what sense do you mean?

Baroness Kingsmill: Are there likely to be clashes? Are there likely to be difficulties in any way? Would you be prioritising any kind of trade arrangements?

Lord Johnson of Lainston: No. Our relationship with our European counterparts is extremely important. They are our most significant trading partners. We have negotiated, I think successfully, a very workable agreement that clearly can evolve into the future. At the same time, we are also trying to create trade routes with the rest of the world—in fact, as many trade routes as we can—to reduce friction as much as we can. That has to be done in light of existing treaties. It also has to be done in light of our World Trade Organization obligations and other multiparty obligations that cover a range of areas.

Baroness Kingsmill: The point is that many of the countries with which we would wish to trade via this trade arrangement will already have individual arrangements with the EU, and clashes could very well arise. Will that impact on us, or have you done any work to indicate whether it is likely to impact on our arrangements?

Rob Cook: It is worth flagging that, during the negotiations, we thought carefully about things like whether there would be any conflicts with existing international agreements, including with the EU. That led to certain things that we secured in the negotiations, precisely because we had taken that into account.

In the TBT—technical barriers to trade—chapter of the CPTPP, for example, there was a provision in the wine and spirits annexe. If we had

signed up to that, it would have meant contravening our obligations to the EU, so we got a footnote that meant essentially that we did not need to do that, and that was matched to one that Canada already had. We ensured that we got a provision in our accession protocol that meant that the Windsor Framework could operate fully, so we were taking that into account in our accession. That was something that the CPTPP parties were happy to agree to.

Just thinking about the wider European relationship or being European-focused, we made sure that we did not have to diverge from any provisions in the European Patent Convention. There was this issue about intellectual property grace periods, which some people will have heard about, where we made sure that we did not have to diverge. We took into account all these other international obligations as we negotiated our accession.

Q74 Lord Grimstone of Boscobel: Minister, it is always a great pleasure to have you in front of us. Unusually, to give the Government a chance to show off a bit, what aspects of the agreement are you most proud of? When you look at the totality of the agreement, what points would you particularly like to draw to the attention of the committee where you think a jolly good job was done for the UK?

Lord Johnson of Lainston: Thank you very much for your gracious compliments. It is a very hard act to follow, as we know, by the previous Investment Minister, who was hailed as a genius.

The issue here is that we are not negotiating an FTA in the conventional sense. We are joining an existing multiparty agreement, so that is not really the same as where we had red lines and negotiations. There are specific measures that we had to put in place, as my colleague commented on, in order to make sure that we did not derogate our existing responsibilities, which we take very seriously. They are very important to the trading future of this nation. It was not a question of each different chapter that would be negotiated with Australia or New Zealand, for example, or with one of the many countries, such as Canada or Switzerland, that we are negotiating FTAs with at the moment.

What I will be most proud about is when we accede fully to this very exciting £11 trillion—as it will eventually be—trading bloc, which signals an enormously powerful new route for the UK. I am not using this podium as an opportunity to grandstand, but it is a different relationship from our historical relationship with the European Union. It is an extremely attractive one. Yes, we lower our barriers in exchange for access to other nations, while at the same time preserving our independence and sitting around the table as participants equal to the others. That is a hugely exciting opportunity for us.

As I say, the challenge, which you have raised and I hear, is that we have to make the most of it by promoting the benefits to our British businesses at times when it is highly complex. That, clearly, is work that needs to be done.

Q75 Lord Kerr of Kinlochard: I strongly agree with your last point, Minister, on the importance of promoting it to British businesses and getting them to understand it. Coming back to the suggestion from Lord Watts, you said that relations with business and industry tend to be on a sectoral basis. I understand that. It has always been like that, but is there not a case for a task force? By definition, none of the sectoral experts will be real experts on the CPTPP. It is the greater ease of selling to Malaya, for example, or the new opportunities that might arise for new sales that need to be got across, particularly to small and medium-sized businesses.

I personally think that, although the benefits nationally are probably fairly marginal, a serious effort is required if we are to maximise the returns of being in the CPTPP. You are saying the same: that there will be such an effort. All I am asking is this: are you sure that it should not be on a specific CPTPP task force basis, rather than expecting your various sectoral operations to learn about the CPTPP and pass it on?

Lord Johnson of Lainston: There is an important co-ordinating role to be played by the unit and the department. Actually, sector by sector makes sense for me. If you look at agriculture, for example, the agricultural attachés will have specific knowledge based on the products that we can sell and the new opportunities that we have because of the CPTPP. Some sectors will have more obvious greater trade advantages for us than others and some will need further development.

I am agnostic as to how we do it to some extent. I was saying that currently we happen to run it through more of a sectoral specialist bent, linked in with the country teams on the ground, which can be more agnostic, although they cover broad sectors in general, because that is where the expertise comes. When I find myself doing work, I like to rely on officials who know the industry. They know the key people in the industry and where the advantages are in the UK in trying to export into that industry, so it strikes me as common sense.

I am hearing very clear messages from noble Lords, which I completely agree with, that we want to make sure that we take advantage of the FTA. The Secretary of State is very clear about that, and the whole department is aware of it. We need to dedicate resource to it, but we also, as Lord Grimstone says, need to use AI and new technology to get our message out. We are looking at trying to get millions, or hundreds of thousands, of businesses to take advantage of these complex trade treaties. That is not just the work of a unit or a well-resourced team, however well resourced it is. We need your help to sell the message as well.

Q76 Baroness Hayter of Kentish Town: I have a question, but I will just comment that sector by sector does not help the half of our exporters, I think it is, that are SMEs.

Lord Johnson of Lainston: They will be in a sector, though. Those sectors will be like autos, advanced manufacturing or defence.

Baroness Hayter of Kentish Town: There will be SMEs in much more

specific areas than the big ones. Agriculture and hortos are fine; those all have big departments. There are some smaller SMEs, particularly in services. I should say that I am on the board of the ABI. Clearly the services sector is important to this, but my question is a different one.

You in particular, Minister, have been very supportive of Parliament's involvement in these trade agreements. You have been particularly good with this committee, as your predecessor was. The Lords has been very involved. For Parliament, if we are going to produce a report on this, for that to have any significance, both our House and the other House need to discuss this agreement. Speaking on behalf of the Government, because you speak on behalf of the whole of government, not just in the Lords, can you give us some assurance that Parliament really will have a chance to debate? I do not think it will want to delay this agreement. Everyone is very supportive of it, as we heard. Will the whole of Parliament have the ability to do that proper scrutiny by debate and, if necessary, by a vote?

Lord Johnson of Lainston: You mentioned your interest. I do not believe I have any specific interests, but I would always refer noble Lords to my register of interests. I have interests in the CPTPP countries, although I do not believe they represent a conflict, but it is important to label those.

To refer back to your comment about the SMEs, SMEs should fall into categories. We have special focus on SMEs in the department. We are very aware of the need to support them. There are chapters, certainly in our direct FTAs, and I think in the CPTPP, that cover SMEs. It is an important point to raise, but I believe that we are very much on that.

In terms of scrutiny, I believe that you, noble Lords, will produce a report at some point in the very near future. Of course, it depends. I would like to hope that that will coincide with the Bill timetable that is going through at the moment. I believe that our next stage, Report, will be on 16 January. Obviously, it will be very important that we can have the report by then from your point of view. I have talked to the Chair about that.

I make myself fully available, as you know, for any Member, particularly those on this committee, who wants to discuss issues further. I believe that the Grimstone convention, which is a noble pillar of our scrutiny process, means that we would debate the report, with the caveat "given parliamentary time". I am completely committed to it, as all my colleagues would be, but I cannot answer for the machine of Parliament.

Baroness Hayter of Kentish Town: Would that be separate from the Bill? We very much stress that the Bill deals only with some quite small issues. It would be really important that the whole of the CPTPP accession is debated.

Lord Johnson of Lainston: The process allows for that.

Baroness Hayter of Kentish Town: Might you use your good offices to

make sure that the Commons can similarly discuss it?

Lord Johnson of Lainston: I would not like to answer for the other place. I would leave that for you to make representations on that front. As far as my commitment is concerned, certainly the CRaG process is in parallel. It is not the same as the Bill. People often confuse the two. You are right: I hope that the Bill is relatively uncontentious and straightforward, and we can move through from that. However, I still think it would be useful for your report to come out before that process is finished. It helps to inform the debate in the same way that the TAC report helps to inform the debate. The Grimstone convention encourages a debate on the IAC report when it comes out. I believe that is the case.

The Chair: Yes. We are very keen that it should.

Lord Johnson of Lainston: I am keen that you are facilitated in any way that I can, given my constraints.

The Chair: That is a very helpful assurance. Thank you very much indeed. I do not think we have any further questions for you today. Thank you very much, you and Mr Cook, for your evidence today. It has been very helpful indeed. We will look forward to seeing you on other occasions.