

International Trade Committee

Oral evidence: UK trade negotiations: UK Accession to CPTPP, HC 233

Wednesday 3 February 2021

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Sir Mark Hendrick; Anthony Mangnall; Mark Menzies; Taiwo Owatemi; Lloyd Russell-Moyle; Martin Vickers; Mick Whitley; Craig Williams.

Questions 25-77

Witnesses

[I](#): Stephen Booth, Head, Britain in the World Project, Policy Exchange; Dr Minako Morita-Jaeger, Fellow, UK Trade Policy Observatory, Sussex University; and Professor John Ravenhill, Chair of Political Science, University of Waterloo, Canada.



Examination of witnesses

Witnesses: Stephen Booth, Dr Minako Morita-Jaeger and Professor John Ravenhill.

Q25 **Chair:** Welcome to this afternoon's session of the International Trade Committee. This is our first evidence session on the CPTPP. It is, of course, a very good time to have it, given that the Government has announced its intent to start negotiating quite soon. We have three witnesses in our first panel and three witnesses in the second panel. On the first panel, we have Dr Minako Morita-Jaeger, Professor John Ravenhill and Stephen Booth. I will let you introduce yourselves in your own terms—name, rank and serial number, please—before we proceed to the body of questions, starting with Minako.

Dr Morita-Jaeger: Thank you very much, Mr Chairman. I am Minako Morita-Jaeger, fellow of the UK Trade Policy Observatory.

Chair: At Sussex University, of course.

Dr Morita-Jaeger: Yes.

Chair: The very famous Sussex University, when it comes to trade. Then we have Professor John Ravenhill.

Professor Ravenhill: Thank you, Chair. I am currently the chair of the political science department at the University of Waterloo. For many years, I was at the Australian National University, where I researched trade and investment issues in the Asia-Pacific.

Chair: You are joining us live from Canada?

Professor Ravenhill: That's correct. My teeth are chattering.

Chair: Fantastic. Well, I am halfway to you here in the Hebrides. Nobody ever knows how great modern technology is. The carbon footprint we are saving from not flying around and meeting in Westminster is an absolutely fantastic thing altogether. I am sure all my Committee agrees with that. Stephen Booth?

Stephen Booth: Thank you, Mr Chairman. My name is Stephen Booth, and I am the head of the Britain in the World Project at the think tank Policy Exchange, and I am formerly of Sussex University as a student.

Lloyd Russell-Moyle: All the best are.

Q26 **Chair:** We will take that as a cheer from the sidelines. Professor John Ravenhill, just to kick us off, can you briefly tell us how the CPTPP came into existence and how it has evolved?

Professor Ravenhill: To understand the economic and political context of the CPTPP, it is important to remember that regional co-operation in the Asia-Pacific has proceeded on two tracks for close to half a century. One, championed by ASEAN and China, is focused on east Asia, broadly defined



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to include Australia, New Zealand and India. This culminated in the creation of the world's largest trading group, the Regional Comprehensive Economic Partnership, last November. It links ASEAN's 10 member states, China, Japan, Korea, Australia and New Zealand. India opted out at the last moment.

The alternative approach, championed by Japan and Australia, favoured defining the region as the Asia-Pacific, to include North and South America. The first institutional outcome here was the creation of the Asia-Pacific Economic Cooperation group in APEC in 1989. But by the late 1990s, it was clear that APEC's approach to voluntary liberalisation was not delivering the market access that Washington desired, so Washington turned to bilateral trade agreements. Meanwhile, four small, open APEC economies—Brunei, Chile, New Zealand and Singapore—formed a grouping to promote deeper economic integration. No one paid much attention to this until the grouping launched negotiations on the liberalisation of financial services, at which point the Bush Administration, in its last few months, indicated that it wanted to join the negotiations. This was the origin of the TPP.

The Obama Administration subsequently declared that it would make the TPP a core element of its pivot to Asia, for two principal reasons. The agreement was intended to set the rules of the game for trade in the region—in Hillary Clinton's words, to provide a gold standard for trade agreements. Secondly, it was intended to boost US security relations with its regional allies. The first round of TPP negotiations began in March 2010, and an agreement was eventually signed in February 2016. As Committee members will be well aware, the US Senate did not ratify the agreement before the Trump Administration took office in January 2017, at which point the US withdrew from the agreement. The other 11 members, led by Japan, attempted to salvage the agreement. Twelve months of negotiations led to the signature of the Comprehensive and Progressive Trans-Pacific Partnership, with this convoluted terminology being Canada's contribution.

Q27 **Chair:** Is it comprehensive, or is it progressive? Or is it going to progress to something? It seems a strange formulation of words.

Professor Ravenhill: This comes back to the Trudeau Government's concern about the anti-globalisation backlash and its desire to pursue what it calls a progressive trade policy, meaning that it wants chapters on gender, the environment and labour in its trade agreements. That is where this particular terminology comes from. The CPTPP incorporated the original TPP but suspended 22 provisions, most notably those that provided extended protection for intellectual property rights, while certain investment agreements, primarily in mining and raw material, were removed from coverage by the investor-state dispute settlement provisions.

Very briefly, I have two final points. The fact that these provisions were suspended, rather than removed, was a clear signal that the parties wanted to welcome the United States back to the agreement. Secondly,



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although the CPTPP entered into force in December 2018 after six countries ratified the agreement, four countries have yet to do so. These are Brunei, Chile, Malaysia and Peru. Three years after signature, four countries have not ratified it.

Chair: Okay. I have some more questions to add to that. I have taken some notes, but let's progress with other colleagues and other areas at the moment. I will come back to some points later. I'll pass the baton to Anthony Mangnall.

Q28 **Anthony Mangnall:** If I may have a quick follow-up question, Professor Ravenhill, can you explain a bit about the difference between CPTPP and RCEP and what challenges that may face, in terms of the two organisations, as they progress?

Professor Ravenhill: The RCEP is much more comprehensive in terms of its Asian membership—it includes all members of ASEAN. One of the controversies about the original TPP was that it included some, but not all, ASEAN members.

Generally, RCEP is a much lower quality agreement. The constraints that it imposes on its members are much less strict than those in the CPTPP. What you are finding is that there are multiple agreements, so that, for instance, New Zealand has four free trade agreements with Singapore, each with its own set of rules of origin, and this does not make life easier for businesses.

Q29 **Anthony Mangnall:** Understood. Thank you very much for that. And I think that for anyone who is watching this, we can bury them in acronyms given what we are discussing today. But that is really helpful.

Dr Morita-Jaeger, could you just possibly summarise the UK's trading relationship with the Asia-Pacific region and specifically with those members of the CPTPP?

Dr Morita-Jaeger: Let me just quickly overview the UK's trade and investment relationship with the CPTPP members. When we simply look at the economic data, we can see potential benefits. The CPTPP is a market of 500 million people, which is equivalent to the EU's total population, and 13% of the world's GDP. The total volume of imports from the world is more than China's imports from the world, and trade between CPTPP countries accounts for about 15% of world goods exports and imports.

Over the last 20 years, the UK's trade with CPTPP members, both in terms of exports and imports, has been constantly growing. With regard to the trade in goods, the share of the UK's goods exported to the CPTPP accounts for 8% of the UK's total exports and 7% with regard to imports. As for the services trade, UK exports account for 9% of the UK's total services exports and 8% of the UK's imports.

Just for comparison, the total volume of the UK's exports to the EU, which accounts for around 45% of the UK's exports—which is very famous—is more than five times larger than the UK's exports to the CPTPP. Imports from the EU are eight times larger than imports from the CPTPP.



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So, looking at UK trade with the CPTPP member by member, half of the trade with the CPTPP is with two countries: Japan 30%; and Canada 20%. So, in terms of exports, Japan is the largest partner, followed by Australia, Canada and Singapore. These four countries account for about 85% of UK goods exported to the CPTPP, and 85% of UK services exports among the CPTPP members.

In terms of imports, again Japan is the largest partner, then Canada, Australia and Singapore. Imports from these four countries account for 75% of UK goods imported from the CPTPP. Looking at the share of goods and services, it is more than half of total exports—55% of goods. As for imports, goods accounted for about 70% of imports—physical imports.

The UK's major export products have been machinery, vehicles, pharmaceutical products and electrical machinery. As for services, financial services are the major exports at 28% followed by business services at 22%.

As for investment, 16% of the UK's total outward investment goes to the CPTPP and 10% of total inward investment comes from the CPTPP; that was the average between 2016 and 2017.

This shows that the CPTPP market is economically important for the UK.

Q30 Anthony Mangnall: Very briefly, because I know that we have so many questions to follow on from this, can I just ask this: have you got any early indications of how those projections would grow in the event of the UK joining the CPTPP?

Dr Morita-Jaeger: At the moment, I do not have an economic model for that, but this is something I would maybe like to discuss later. I just purely looked at the economic calculation now. But it is really about what benefits joining the CPTPP brings to the UK economy. I would also like to talk more about the policy perspective. If it is okay, I can explain now.

Where will be the potential benefits for the UK in joining the CPTPP? For that, we have to look at what the CPTPP can offer the UK. That seems to be limited, as far as I observe. The major reason is that the UK already has a bilateral trade deal with seven CPTPP countries—Japan, Canada, Singapore, Mexico, Peru, Chile and Vietnam. These already include the UK's major trade and investment partners, except for Australia. They made a high degree of market access commitment when they negotiated an FTA with the EU, and the UK succeeded the outcomes as a continuity agreement. So, the level of seven countries' commitments under CPTPP will be more or less similar to the level of commitments made under the continuity agreements.

Also, it should be noted that Chile, Peru, Malaysia and Brunei, as Professor Ravenhill said, have not yet ratified the agreement. The UK's trading relationship with those countries is limited. They may ratify the agreement before the UK joins the CPTPP, but at the moment the CPTPP framework applies to only seven countries—Australia, Canada, Japan, Mexico, New



Zealand, Singapore and Vietnam. So, this is something we have to keep in mind.

Having said that, the core benefit of CPTPP is that it can offer an integrated framework and unify the rules covering the big market in Asia-Pacific. Since the bilateral FTA creates fragmented policy conditions for business, the unified rule is a great benefit for doing business. The rule of origin is a good example. The regional cumulation of rule of origin in the simplified process would facilitate UK firms establishing supply chains in the Asia-Pacific or using established supply chains in the region.

So since the UK is a services economy and its comparative advantage lies in services, I would like to stress the potential benefits of mode 5 which is the embodied input of services into a country's merchandise exports. So, participating in the established regional supply chains in the Asia-Pacific through mode 5 by increasing the UK's services inputs would be a great potential for the UK.

Anthony Mangnall: Thank you very much.

Chair: Thank you very much. I am looking for Martin Vickers.

Q31 **Martin Vickers:** Thank you, Chairman. I would like to explore both the benefits and the risks to the UK of signing up to CPTPP. Mr Booth, what are your thoughts on benefits and risks?

Stephen Booth: Just to add to the previous contribution, I think that there are some immediate economic and political benefits, which I think, for the reasons that were outlined, should not be overstated. Clearly, it would simplify the trading arrangements for that region, for the UK, by bringing the existing bilateral FTAs we have and hope to have with Australia and New Zealand under one set of agreements. It would simplify the rules around rules of origin, as was mentioned, which would help in terms of integration in supply chains. I think politically it also sends an important signal, given the context of our recent withdrawal from the European Union and our new relationship with the European Union, of our intent to be a forward-looking part of the global conversation around shaping the rules of trade going forward. I think the fact is that the economic centre of gravity is shifting to the region—the Asia-Pacific. I think it will be increasingly the arena in which many of these discussions take place. I think this is an important opportunity for the UK to take part in that.

I think that strategically we have to view this as a long-term gambit, rather than necessarily looking at the very short-term benefits. We don't know what, for example, the US might do in terms of re-engaging with the CPTPP, but if it were to do so I think the fact is that the UK would want to be on the inside of the agreement before the US were to re-engage with it. I think the other thing that I would point out is that the UK currently has some degree of scarcity value. The CPTPP is looking to increase its membership and if we were to join, we would be the second biggest economy in the agreement, albeit outside of the region and not necessarily

deeply integrated; but we would bring that to it. I think that it's important to note that other economies in the agreement don't see this as only an economic agreement. It is about geostrategy to some degree as well. I think Japan, in particular, sees it as an important counterweight to Chinese influence in the region; and this Government is increasingly interested in participating in initiatives about that as well.

Broadly, there are a number of short-term but also much longer-term strategic reasons why this would be of benefit to the UK, and I think there is very little downside risk in the UK seeking to join.

Q32 Martin Vickers: Professor Ravenhill, what are your thoughts on this? Also, could you expand on what Mr Booth has touched on—the benefits or otherwise to the existing members?

Professor Ravenhill: Stephen has done an excellent job in laying out the potential benefits. One thing that people often don't give sufficient attention to is the potential to act with like-minded countries in setting the rules for international trade. I think that is a very significant issue here. I do think, however, that there is a potential risk that is often not considered. That is simply that the application may get rejected or, more likely, given the emphasis in Asia on saving face, put into the "too hard" basket. That in part is because of issues about this being a regional grouping. It is also a question of which countries the current members would like to see join the organisation first. I don't think there is any doubt that the preference is to see the US back in the agreement first, and then possibly Korea, although the strained relations between Japan and Korea make that problematic.

The rules that were drawn up in 2019 on accession to the CPTPP say that the Commission—I know how much that term is loved in the UK, but in this instance the Commission of the CPTPP is the governing body consisting of officials and Ministers of the member states—has to decide whether to commence the accession process within "a reasonable period of time". But that is very vague, so we don't know what the understanding is on what is a reasonable period of time, and this is the first application by any country to join the CPTPP.

Q33 Martin Vickers: Dr Morita-Jaeger, do you have anything to add?

Dr Morita-Jaeger: If I may, I will add some points about the timeline for accession. Professor Ravenhill has explained that there is a guideline, and I would like to note three points relating to accession. The first point is about the rules. The UK is aware that, in a sense, CPTPP rules come before market access negotiations. According to the accession guideline, once the commencement of the accession process is decided and the accession working group is established, the UK, at the first meeting, has to demonstrate that the UK's domestic laws and regulations can comply with the obligations of the CPTPP. If that is not the case, the UK has to identify any additional changes to be made to its domestic laws and regulations. So, can the UK make all its domestic laws and regulations ready for this? That is one point.



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The second point is about market access negotiations. Unlike bilateral agreements, the accession process requires the consensus of 11 countries with different economic structures and levels of development. That is imprecise, of course, while there are several countries that have not ratified and may not be able to join. Since they have different economic interests, reaching consensus would not be straightforward, especially for market access. It is a trade deal, so, through bilateral market negotiations, each CPTPP member would definitely try to maximise the opportunity to negotiate with the UK, using its bargaining power as a group. The negotiation would be very specific, reflecting the domestic business demand.

The third point is about benchmarks. There are two benchmarks according to the guidelines to decide whether the UK's accession is accepted or not. One is that the UK has to demonstrate the means by which it will comply with all the existing rules contained in the CPTPP. I am not sure to what extent the UK can derogate from an obligation, for example using side instruments.

Another benchmark is about market access offers. It is written that the offers should be of the highest standard and deliver commercially meaningful market access for each party. This is the kind of level. We do not know, because there is no precedent. I will explain more if there is a question about the rules later, but I will stop at this point.

Martin Vickers: Thank you.

Chair: [*Inaudible.*]

Mark Garnier: You are muted, Chair, but I assume that you were saying my name.

Chair: I was introducing you, Mr Garnier, in spectacular fashion, after Mr Vickers's contribution. Apologies.

Q34 **Mark Garnier:** Minako, it is extraordinary: you almost answered, word perfect, the question that I was just about to ask you, which is how far joining the CPTPP is a matter of simply signing up to the existing rules of the club and how far it is a matter of negotiating the terms of entry. You said that you had a bit more to add to the answer that you have just given. Do you want to use this opportunity to add to it?

Dr Morita-Jaeger: Thank you very much. I would like to add something on the extent to which the UK will be able to derogate or negotiate. What we can understand about the CPTPP is that it is completely different from a negotiation to create an FTA. Once a commitment to the accession process is decided and the accession group is established, an examination of the rules will be done. The UK has to demonstrate its capacity.

On the other hand, everybody knows that existing CPTPP members bilaterally exchange letters—what are called side instruments—in order to arrange a special bilateral arrangement for derogation purposes. The side instruments make it very difficult to understand the value of CPTPP rules, I



must say. For example, Canada arranged 40 side instruments with Australia, four with Japan, five with Malaysia, eight with Vietnam and so on. The type of side instrument differs among countries—for agricultural products, culture, e-commerce, motor vehicles, geographical identification and ISDS.

The question is to what extent the UK is allowed to use those side instruments. As far as I observe, CPTPP members are strongly determined to demand that CPTPP-accessing countries fully accept the existing rules.

Q35 Mark Garnier: Specifically on that point, you said in your previous answer that the UK would need to prove that its internal laws match up to CPTPP rules and regulations, which sounds great. As you know, one very hot subject in the UK at the moment is animal welfare, and there is a lot of talk about this wretched chlorinated chicken that will apparently invade us from America at some point in the future. Notwithstanding that argument, is it the general presumption on things like that that a country can have an over-enthusiasm over a certain bunch of rules? Or is this something where, because we perhaps have higher animal welfare standards than some CPTPP countries, we could be starting another argument on these animal welfare issues, because the rules that we have may prove a barrier to entry for some CPTPP countries?

Dr Morita-Jaeger: *[Interruption.]* Sorry—I am home-schooling my children, and they are disturbing me a lot.

Mark Garnier: I quite understand. I have three of my own.

Dr Morita-Jaeger: SPS is one of the things that I am worried about. There is a public policy concern in the UK, and the SPS agreement takes a sort of “US approach”, based more on scientific evidence and not the precautionary principle and so on. So, to what extent do the CPTPP members examine? For sure, there will be no exceptions to saying, “I would like to use side letters for this purpose,” and so on. I think exceptions will not be allowed.

The same applies to the ISDS. Of course, there is some kind of side instrument between Austria, New Zealand, Vietnam and so on, but I think the UK has to accept all the ISDS arrangements. In particular, it will be very difficult for the UK to make an excuse, because the UK already has investment agreements in which the ISDS mechanism is used with many countries, including the CPTPP members. So those are the two major things in terms of acceptance of the rules that will require a careful consultation at the domestic level in the UK.

Q36 Mark Garnier: That is really interesting. So, we could have a similar sort of row. John Ravenhill, I am trying to get my head around this idea that we have got a whole load of free trade agreements we have already signed up to in terms of Singapore, Japan and all the rest of it, and now we are looking to do one with the CPTPP. Does the CPTPP supplement our agreements? Does it replace them? What is the legal mechanism in terms of having two deals—do they sit side by side? How does that work?



Professor Ravenhill: I think you are right in saying that it is coexistence, essentially: sitting side by side. Then it is up to business to decide which agreement it wants to take advantage of in terms of rules of origin and so on. It has happened before with New Zealand and Singapore—this complicates life for business.

Q37 **Mark Garnier:** It sounds like a fantastic opportunity for trade lawyers.

Professor Ravenhill: Absolutely, yes.

Q38 **Mark Garnier:** Will it help us or hinder us?

Professor Ravenhill: I think it will help because, as Minako said earlier, the fact that you will have uniform rules of origin in the CPTPP may facilitate the activities of business across the whole region. In terms of building on bilateral agreements, the negotiation process for accession to the CPTPP might be facilitated if agreement has been reached in the bilaterals on thorny issues of sensitive products whose market access will be limited—assuming that the parties to the agreement do not use the CPTPP negotiations to reopen these topics, which is always a possibility.

I think one thing it is important to remember is that the CPTPP is essentially a US agreement. Around half the text of the CPTPP—originally the TPP—was simply copied and pasted from other US trade agreements. For key areas of interest to the United States, such as investment and financial services, the figure is much higher: closer to 80% of the text comes from other US trade agreements. Now, this may differ from the EU-style agreement which the UK is rolling over, so there are going to be interesting issues of compatibility and the experience of business in dealing with different types of agreement.

Q39 **Mark Garnier:** Part of the question I was going to ask you was whether our existing trade deals are going to work as a helpful stepping-stone or not. It sounds to me that, having done all these fantastic trade deals, CPTPP could be used as a mechanism for renegotiating and, as you say, opening up old disagreements from previous trade deals. It is one thing that we are negotiating with, say, Malaysia, which is a smaller economy, but it goes back to the old argument of your trade power in terms of negotiating: you don't want to be negotiating with the EU because it is a much more powerful organisation. Is that similar to this?

Professor Ravenhill: I think that is a real concern. Say in your bilateral with Australia you keep out Australian cheese, and now you want to join the CPTPP. Australia sees this as an opportunity to get a better deal for its cheese exports to the UK and it has veto power in terms of UK accession.

Q40 **Mark Garnier:** And that is the point at which Australian cheese manufacturers engage their trade lawyers. It doesn't sound like they have particularly hot trade lawyers, but they come along and say, "Well, you have now negotiated this so therefore we can come in and flog you our cheese."

Professor Ravenhill: Yes.



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Mark Garnier: Can I ask a broad question? Sorry, Angus—do we need to move on?

Chair: That's okay. I'm just thinking traps are often baited with cheese, but anyway—continue.

Q41 **Mark Garnier:** Are we opening up a nightmare for ourselves? John, do you want to come back on that? Stephen, I would be interested in your overall comments on all of this in a minute. John, are we creating a headache for ourselves?

Professor Ravenhill: No, I don't think so, but, as Minako has laid out, the negotiations to join the CPTPP are complex, for sure. You have a 650-page treaty with 30 chapters, which the UK will have to sign up to. Then, on top of that, you have got thousands of pages of individual tariff schedules, including things like Japan's tariff quotas on rice imports, for instance, and all of those side agreements that Minako mentioned. This is where you get into the real nitty-gritty of trade negotiations. Essentially, to join the CPTPP, you are going to have to negotiate with all of its member states individually. There is no single negotiator there.

Q42 **Mark Garnier:** Stephen from Britain in the World, you at Policy Exchange must be looking at what is going on in terms of how we are now refocusing our attention as an independently international country, as opposed to part of a big organisation. One of the interesting things I have noticed about all these debates that have been going on about us doing trade deals is that we culturally don't seem to really understand quite what goes into trade deals. We can talk about chlorinated chicken and all the rest of it, but the debates are relatively low level at the moment. Now we have heard that we could potentially have animal welfare standards coming in with CPTPP. Do you think we are ready for this type of thing? Do you have an opinion on whether culturally we are ready for this? Do we really understand what we are letting ourselves in for? Do you think that the debates we are having domestically are intelligent debates? What is your view on that?

Stephen Booth: I do think that in some of the domestic debates we are not used to debating these issues because they are not things we have had to confront independently, as you say. Regarding some of the previous comments, I would be less concerned about some of those issues. For example, on SPS and animal and plant health measures that were mentioned, the agreement is not simply just reflecting US agreements; it largely reflects WTO standards and jurisprudence. It builds on WTO precedent, but it also reflects recent WTO rulings, some of which the EU has found itself on the wrong side of, partly because the EU, rather than the CPTPP countries, is actually the outlier here, in respect of complying with WTO rules on these things.

In some respects, what we will be confronting here in terms of the CPTPP is just the real world we are now in outside of the European Union. As a member of the European Union, there was a certain safety in numbers in terms of being on the wrong side of some of the decisions at the WTO or



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in disputes with, say, the US and so on. Now we are going to find ourselves operating in environments where the EU tended to be the outlier rather than the centre of gravity in terms of the way that these rules are interpreted across the world, so that is something that we are going to have to get used to. It isn't necessarily always going to be a major problem for us, given that the UK was often the one inside the EU pushing for science-based and risk-based assessments rather than necessarily the precautionary approach. That is a debate that, as you noted, is going to be had in the UK.

Mark Garnier: Fantastic. Stephen, thanks very much. Angus, back to you with your unmuted microphone.

Chair: Thank you very much for that cue to ensure it was unmuted, because mutations—as my gag of the afternoon is going—are the problem of our time, whether on Zoom or in viruses. We will go over to the Merseyside maestro himself, who is unmuted; mutations are not bothering Mick Whitley.

Q43 **Mick Whitley:** Thank you, Chair, for that introduction, and welcome to our witnesses. The Secretary of State for International Trade has told us that the Government's ambition is to complete the accession process by 2024. How feasible is that? Let me ask Stephen first.

Stephen Booth: As we have touched on, some of this is unprecedented, in the sense that the UK finds itself one of the first members to formally apply. You would hope the fact that we have trade agreements with so many of the existing members would smooth over the process—notwithstanding some of the complications discussed earlier—but, clearly, we do require agreement from all the existing signatories. As I said, we do have FTAs, and a lot of those FTAs are quite recent FTAs, so they are already quite comprehensive, whereas previous countries had FTAs with CPTPP members that were quite old, and there was an issue of revisiting market access arrangements. For the UK, certainly with Japan and, if we conclude deals with them, Australia and New Zealand, I think the hope would be that those agreements would largely set a precedent in terms of the market access commitments the UK would be making under CPTPP.

There will be some minor exceptions or differences, but, largely, the framework should be set out by our commitments under the existing bilateral FTAs. Then it comes to accepting the broader rules of the agreement, and as we heard before there will be some opportunities to clarify those or derogate slightly in terms of side mechanisms and side letters, but, broadly, we have to take those rules as we find them, because they have already been negotiated.

I would say yes, it is complicated, because there are so many parties, but given that we have so many FTAs already, I think that this can be relatively smooth, and I don't see why that timetable could not be met—but we genuinely do not know.

Q44 **Mick Whitley:** Ms Morita-Jaeger?



Dr Morita-Jaeger: My position is slightly different from Stephen's. While, hopefully, the timeline will be within the timeline suggested by the DIT, what we have to know is that, first, there is no precedent and, secondly, that the UK is going to be the second-largest economy inside CPTPP after Japan. That really means high expectations from CPTPP members, and the UK will really have to show a good case in order to succeed in accessing countries. Thirdly, there is RCEP, and what the CPTPP members are afraid of is that CPTPP rules will go down to the bottom, to the RCEP type of low-quality rules, using so many side letters and derogations and so on. To what extent they will demand quality, I am not sure, but it is not straightforward, I must say.

With regard to market access, yes, it will be based on the UK's existing offer in the bilateral FTAs with its continuity agreements, but that means that the UK has to convert its commitment, reflecting its own capacity. The devil is in the details; trade negotiations are a deal, and they bring specific interests and demands to the table. What I am worried about is that maybe Australia and New Zealand, which are agriculture-exporting countries, have specific products they want to open the agriculture market for in the UK. Can the UK accept that? If we look at the detail of the UK's existing commitments, in the UK-Japan CEPA FTA, for example, audiovisuals are exempted. They are cut out under the EU's policy. This time, the UK has to include them, so it has to be ready for that. Then there is a lot of detail on movement of natural persons or business mobility. The UK has not yet reached the level of the offer that the EU made under the EU-Japan FTA. It has also not yet reached Japan's commitment to the UK or the EU. These are very small things, but members will be making the most of them, and the UK has to be ready for that.

Mick Whitley: Finally, Professor Ravenhill.

Professor Ravenhill: My colleagues have covered this issue very thoroughly, so in the interests of time we should probably move on.

Chair: Thank you very much, professor. That was a very useful contribution. I am very aware of the restrictions that Committees often have. The marvellous Mark Menzies is waiting in Fylde at the moment.

Q45 **Mark Menzies:** He is indeed. Thank you, Chair. This is to Stephen Booth and Dr Morita-Jaeger. How significant are current tariffs in relation to UK trade with key CPTPP members? Stephen, do you want to tackle that one first?

Stephen Booth: As we have touched on slightly, tariffs aren't likely to be a massive issue in terms of this deal, because the UK hopes to have FTAs with Australia and New Zealand by the time that we accede to the CPTPP. Malaysia is obviously one of the bigger economies, and it would be an exception, notwithstanding the fact that it hasn't ratified the agreement yet. That is an area where the UK would see opportunities, in terms of tariff reductions.



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The Government has identified some very minor upgrades that the CPTPP might offer, as opposed to the existing FTAs. I think it mentions that car tariffs could be phased out more quickly under the CPTPP than under, say, the roll-over with Canada. Those examples would have to be analysed in more detail, but I think they are relatively limited.

As I said before, I think the major benefit of this deal, in terms of the tariff environment, is not the tariffs themselves but the standard rules of origin and the ability to accumulate products that are in the region so that you can become part of the supply chains that we were discussing earlier. That is really the benefit. It is the simplification of those several and various bilateral agreements, and it brings them all together in one framework. That is the benefit, in terms of the tariff environment.

Dr Morita-Jaeger: I completely agree with Stephen. To add just one thing, just looking at the tariff schedule, the UK has low-value tariff schedules and also the bilateral agreements. It already has that offer, so what other offer is there in addition to that? This comes back to agricultural products. What can the UK offer? Its bargaining power is limited.

Q46 **Mark Menzies:** Who would be the winners and losers if those tariffs were removed following the UK's accession to the CPTPP?

Dr Morita-Jaeger: Globally, I think that agricultural products and the agricultural sector will be affected, but on the other hand maybe consumers will benefit. Services are the winners—I don't know whether we have time for this—because of the high standard in services rules, which are all covering a big market. The UK also has a comparative advantage there, so the financial sector and the tech industry can benefit from the CPTPP.

Q47 **Mark Menzies:** Staying with you, Dr Morita-Jaeger, how far would accession bring about further tariff liberalisation in respect of trade with CPTPP members with which the UK already has bilateral agreements?

Dr Morita-Jaeger: The UK can just look at the existing CPTPP members' commitment to tariff schedules, duties and reduction of duties. There are some things anyway the UK can't change. At this stage, almost 95% of tariffs were eliminated among the CPTPP. Only the remaining sensitive products matter. For example, in Japan the import of beef still has a duty of around 38%, and dairy products for Canada is 250%. Poultry products for Mexico face 234% duties. All of those sensitive things exist. It is over a very long time period that they have been reduced.

Q48 **Mark Menzies:** What benefit would a British consumer see?

Dr Morita-Jaeger: It is very hard to say straightforwardly. In terms of imports, if UK firms have new business relations with the Asia-Pacific—extending it—that would be beneficial for economies. Maybe consumers can directly enjoy more choices and variety of food and so on. On the other hand, that also relates to public policy and public concerns—whether they are happy ideologically, or whatever, with the standards.



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With regard to digital trade, if I could just add, that is something that consumers can benefit from a lot. CPTPP digital trade provisions are more than the EU's FTA. But with the UK-Japan CEPA, the UK already jumped into the Asia-Pacific-style, the US-style, digital trade and regulatory framework. It will be easy in that aspect because it goes beyond the CPTPP.

What was agreed under the UK-Japan FTA is that they expanded scope and had a more innovative and market-driven approach. On the other hand, it was arranged in a way to have a kind of base on more safeguarding provisions. That is stronger than the CPTPP, as far as I analyse. In that sense, for consumers or public consent, the Government has to consult carefully with consumer organisations.

Q49 Mark Menzies: That's great. Stephen, what are your thoughts on those points?

Stephen Booth: The additional tariff reductions, over and above the FTAs that we already have with those countries, are likely to be pretty limited.

With regard to Japan, the UK wanted greater access to Japanese quotas on certain agricultural products that we didn't manage to negotiate as part of the replacement to the EU deal. I think Japan committed in a side letter that that was something that they were prepared to discuss as part of our CPTPP accession.

There are going to be those smaller, market access issues that CPTPP will give us the chance to address. As has been said before, our willingness to liberalise on agriculture will be tested not simply with the CPTPP discussions but in our parallel negotiations with Australia and New Zealand. I see those very much setting the precedent for what the UK would be offering in CPTPP.

I think the UK would be very much resistant to any attempt by those countries to make us effectively pay twice to join the CPTPP by having two bites at the cherry. I'm sure that is very much part of the UK's strategy and its communications with those countries, as we're negotiating with them.

One other thing that came up earlier and that is relevant is that some of the concerns about reconciling our relationship with the EU and the CPTPP are slightly overdone. As we have heard, some of these countries have bilateral agreements with the EU, alongside their membership with CPTPP. New Zealand does not yet have a full-scale trade agreement with the EU, but it does have an agreement on mutual recognition of SPS measures and regulations. The idea that you cannot reconcile those or triangulate those things is a somewhat misplaced concern. It needs to be looked at, but it is clearly not impossible to do.

Q50 Mark Menzies: That's great. Just to finish, Stephen, I have one quick question. Where are other countries in terms of accession to CPTPP? I am particularly thinking of a country like Colombia, where some of its neighbours with comparable economies are members, but it is not.



Where would it sit on accession?

Stephen Booth: As far as I understand, we are the first people to formally initiate the process. As others have said, whether we are top of the list in terms of desirable members among the existing parties is something that I do not know for sure, but I would say that our membership has been welcomed by several of the existing members.

I do not have any particular insight in terms of Colombia, but the CPTPP is clearly open to new members. The fact that the UK is being welcomed illustrates that it is seen as very much an open platform, not confined to the region itself. That illustrates that it is seen by those members as something that they seek to roll out more widely.

Mark Menzies: That's lovely. Thank you so much.

Chair: Now, a man who needs no adjectives at all and who will be aware of the time that we need to pick up—Sir Mark Hendrick.

Q51 **Sir Mark Hendrick:** Thanks, Chair. Stephen, could you summarise the main provisions under CPTPP in respect of non-tariff barriers, and could you say what the potential consequences will be for the UK of signing up to them?

Stephen Booth: We have touched on several of them. One of the major advantages, as I said, is around a standard set of rules of origin. There are other measures that address technical barriers to trade. For example, on conformity assessment, the ability to test your products with a standard-setting body and have that recognised across the region is something that is included and that the UK was not able to achieve in its relationship with the EU. That is an important simplification for business.

There are also important disciplines for certain sectors in terms of how you regulate those; as opposed to setting out detailed harmonising regulations, there are disciplines in terms of how you regulate certain sectors. Again, I think the UK would view that as a positive in terms of why this is a high-quality agreement in respect of the regulatory approaches that it offers.

The other important aspect we touched on as well is the SPS framework for agrifood. As I said, it has been highlighted that it is a different approach to the one that we might be familiar with in terms of the EU, but that largely reflects the fact that the CPTPP model reflects the WTO disciplines and what has been happening in terms of WTO jurisprudence. We may actually find that the EU is the outlier rather than the CPTPP countries themselves. I think that reflects the world in which we find ourselves outside the EU, as opposed to something that we should see as some kind of existential threat.

Q52 **Sir Mark Hendrick:** Would you say the consequences of the UK signing up are positive?

Stephen Booth: I would. As other speakers have said, this is a high-quality agreement among like-minded partners in trade. They have some



of the same circumstances as us; that is, they find themselves as medium or small economies with dominant regional players, and they are seeking to use this agreement as a platform to come up with rules that benefit those smaller economies, in a world that can be dominated by the large blocs—China, the US and the European Union. For that reason, we should certainly be keen on joining, because that offers us skin in the game in helping to develop those standards.

Obviously, we have to accept the CPTPP rules as they are, but if we become a member, we would be able to help the CPTPP develop those rules in the future. I think that is another reason why the UK should be seeking to join sooner rather than later, if it does wish to join.

Chair: We now move to the very able Anthony Mangnall.

Q53 Anthony Mangnall: Thank you, Chair. That's very kind. We have heard a lot about the positives, but I am interested in hearing about some of the negatives and the pitfalls. May I start with you, Professor Ravenhill? Do you have any thoughts about what the potential pitfalls might be with the service sector or anything else you might think of? Then I will go to Dr Morita-Jaeger on the same question.

Professor Ravenhill: I don't think there are many pitfalls in terms of the services sector. As has been mentioned, this is a very high-quality agreement. It is actually WTO-plus. The provisions on services are that international providers must have national treatment, and most favoured nation status must be applied, so I think it is very positive. The approach to services is to use a negative list—everything is liberalised unless a country specifically excludes something from the liberalisation process. In services, especially given the strength of the UK economy in services, this should be a big positive for the UK.

Q54 Anthony Mangnall: On that, you don't think that there is any possibility that those reserved points that were taken from TPP and not put into CPTPP have a chance of being reinserted at slightly more hard-core levels of the original agreement around TPP?

Professor Ravenhill: If the US wants to come back into the agreement, it will certainly insist on those provisions being reinstated, but there is no automatic mechanism for that to happen. It would have to be agreed by all of the existing CPTPP members.

Q55 Anthony Mangnall: Thank you very much. Same point to Dr Morita-Jaeger.

Dr Morita-Jaeger: Like Professor Ravenhill, I do not see big pitfalls with regard to services. As I said, the concerns are more with the digital trade provisions. Is it okay to accept further lessening of safeguarding provisions, with a completely market-oriented approach? That is one thing. The second thing is, as I said, audio-visuals. The third is the movement of business personnel. That might be more specific, but the demand will be put on the table. Further research should be done, but otherwise I don't see the pitfalls. Also, on value added to the UK from the



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CPTPP, of course there are unified rules on services, but in terms of market access, that too can be expected, because the UK already has a high-standard commitment from the bilateral FTA.

Anthony Mangnall: Thank you very much. Back to you, Chair.

Chair: Now we pass the baton to the fastest of us all, Mark Garnier. On you go. Race on.

Q56 **Mark Garnier:** It's a pleasure to be on my second lap. Minako, can I chat to you about foreign direct investment? Do you see challenges, pitfalls, opportunities? How do you see that affecting the UK in terms of FDI, into and out of CPTPP?

Dr Morita-Jaeger: In terms of FDI, I do not want to just narrowly look at investment chapters in investment liberalisation, but the first advantage is that rules of origin are simplified and there is a unified approach. That is its great advantage for the investment aspect as well. The second thing is the investment liberalisation commitment, which will also mean a very open market, so there is a good commitment there. That is a great benefit, especially for the countries with which the UK has not had a bilateral trade agreement like Malaysia. They are basically very slow to—I don't say they are protectionist, but they are very careful in this area.

Q57 **Mark Garnier:** Just to enlarge on that, are you referring to things like Bumiputera ownership rules in a country such as Malaysia?

Dr Morita-Jaeger: No, Malaysia is a member of the CPTPP, but it has not yet ratified it. If Malaysia joined, that would be a great benefit in terms of investment. Another thing is that that would facilitate the temporary movement of personnel relating to investment. I think that is an advantage for business. But as I said, ISDS is something on which the UK has established its position. This is a pitfall in terms of investment.

Q58 **Mark Garnier:** How about issues that regard investor protection—investor courts and that kind of thing? Can you talk a bit about that?

Dr Morita-Jaeger: I think the CPTPP offers a high standard. I may be wrong, but I can write in detail. In general, it offers the highest standard of investment protection. If the UK's investment is given high protection in the host country, that means the UK also has to give the same degree of commitment to ISDS. It is about whether the Investor-State Dispute Settlement is the argument in this area.

Q59 **Mark Garnier:** I am slightly curious about this, because the ISDS can obviously be quite controversial. Looking at people investing into the UK, there seems to be quite a lot of investment into the UK with a great deal of confidence. As we see with central London property prices, people are quite often parking money in the UK. Obviously, what we would rather they were doing is putting money into the UK with a much more exciting economic prospect, rather than just driving up property prices. But there is no doubt that, in the UK, we still see very significant amounts of money coming in, because we have a very transparent and robust legal system, we have political stability and we speak English—a whole load of



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different reasons. From that point of view, I suspect we will always be attracting FDI into the UK, but it is about protecting our investors overseas. I was going to use the example of Triumph Motorcycles in Thailand, but that is a terrible example, because Thailand is not part of CPTPP. I guess it is probably more from the point of view of British investors investing into those countries in order to take advantage of the export opportunity. If you are Triumph Motorcycles, it is easier to build them out there and sell them locally than it is to build them in the UK and then export them halfway around the world. Do you see a problem for UK businesses investing out there?

Dr Morita-Jaeger: In terms of market access—*[Inaudible]*—there is a commitment that the UK funds can bring for the benefit of the CPTPP commitments.

Q60 **Mark Garnier:** We will be net better off and safe—that is the point?

Dr Morita-Jaeger: Yes.

Mark Garnier: That's really helpful. If you have anything written on that, it would be very helpful, but your answer gives me a lot of comfort. Thank you very much.

Q61 **Chair:** Thanks very much. I want to turn to Stephen Booth. We have heard quite a lot about the nature of it. Looking at the economic impacts of the thing, has a GDP figure been given? One of the things that I often quote from the Secretary of State is that 4.9% is the typical Government figure for the damage of Brexit with a deal. Luckily, we did not get a no-deal Brexit—it would be 7.6%. Brexit is costly. What do you think this will gain the UK in terms of GDP?

Stephen Booth: I certainly would not want to put a figure on it.

Q62 **Chair:** Are those figures out there?

Stephen Booth: I am not aware of a figure for the UK. I think the Government is committed to publish an impact assessment before the negotiations formally start, and I would imagine that would potentially have modelling in it, just as the previous impact assessments have had for the deals with the US, Japan and so on. The orders of magnitude will be far smaller than the impact of any UK-EU relationship, by virtue of the fact that, as we heard earlier from Dr Jaeger, the level of trade between the UK and the EU is vastly bigger than our current levels of trade with those economies in the CPTPP. That is not surprising.

Q63 **Chair:** The best deal that the UK could get, or that has been mooted by the Government so far, would be a 0.2%, or a twenty-seventh or a twenty-eighth, of what they have had from the EU's deal. Would CPTPP be bigger or smaller than a US deal, for instance?

Stephen Booth: It would be smaller given that, as we said before, we already have FTAs with many of the members. The immediate impact would be smaller. It is slightly unfair to compare the EU agreement or EU membership with the CPTPP, given that it is comparing apples with



oranges. Any free trade agreement in the traditional sense is going to be point-something of GDP numbers, as opposed to round numbers, because they are a different level of integration. In the EU, there is clearly an exceptional level of integration, and legal integration, whereas FTAs are a completely different model entirely. It is comparing apples with oranges to some degree to try to put them into the same basket for economic comparison.

- Q64 **Chair:** What is the best figure for economic growth that any of the CPTPP members can attribute to the CPTPP? Do you have any knowledge on that? Some have told me that the UK's success in it will not be for economic reasons, but for political reasons. I am probing as to whether those economic figures are in the percentage points rather than big round numbers, even for current members.

Stephen Booth: It depends. For those economies that did not have FTAs with various bilateral partners, the CPTPP will have had a bigger impact than for those that may already have had market access agreements. As I say, for some of the other countries that have joined the CPTPP, yes, economics is clearly an important factor, but it is not the only one. On the idea that this is just for politics for the UK, I think that is just not the case. There are strong political reasons why Japan sought to resurrect this agreement, for example—political and long-term strategic reasons.

We need to get into a habit on our debate around trade—Mark Garnier made this point earlier. We cannot simply see it as being a purely mercantilist thing in the short term; it is also about looking to the world of the future and positioning the UK to take advantage and exploit opportunities in the decades to come, as opposed to the next months and immediate years. CPTPP should play an important role in any kind of strategy that seeks to position the UK for the long term.

- Q65 **Chair:** The reason I ask is that it would not have escaped anybody's knowledge or awareness that many who are trading with the EU at the moment are struggling to continue that trade with checks and paperwork, and there are significant barriers to trade now. Quite often, in the public sphere, trade deals are talked about as some sort of panacea, but in reality, you are kind of saying that this really is not going to be a panacea for the loss of trade, but an extra dimension outside of trade. Those who have lost have lost, and they will not see gains come back with CPTPP.

That brings us to the point of the regional locations. Professor Ravenhill mentioned that it was a regional trading bloc. Will the shellfish exporters who drive lorries on a weekly rotation be driving lorries to the Pacific area on a weekly rotation? I can see you smiling there, so self-evidently not. How relevant is the UK's economic distance from the Asia-Pacific region to the benefits that it could see, which, admittedly, are apparently very small anyway?

Stephen Booth: Geography clearly does play an important role, but economic geography is not just about distance; it is also about size and mass. The fact is that these markets—Japan excepted, because it has demographic issues—are expected to grow rapidly over the decades to



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come. It is also a part of the world that is expected to grow rapidly as the years go ahead. We do not know the extent to which the membership of CPTPP might further expand if the UK were to join. As I said before, the fact that the US might seek to re-engage with CPTPP is a strong argument for the UK to try to get into it before the US does re-engage, because that again would change the nature of the agreement in terms of economic benefits to the UK.

Clearly, CPTPP will not be transformative the day after we join, if we do join, but it is taking out an option on the future. We cannot necessarily define how beneficial it would be, but there is potential for major upside in the long run.

- Q66 **Chair:** Professor Ravenhill, you mentioned that there was a commission at the CPTPP. Is it an elected commission, or how does that commission come about? Is it similar to the European Commission? Will we be coming under the heel of the unelected bureaucrats of the CPTPP? Of course, bureaucrats are unelected everywhere, but I was wondering about the commission.

Professor Ravenhill: No, it is the body consisting of Ministers and senior officials—the counterpart to that.

- Q67 **Chair:** What sort of pooling of sovereignty or loss of sovereignty would be happening with dispute-resolution mechanisms in the CPTPP? How do they resolve issues between members?

Professor Ravenhill: In 2019, they had developed quite detailed mechanisms for dispute resolution. Generally, I would say that there is very little loss of sovereignty. The one exception to that might be the ISDS provisions, the investor-state provisions. Clearly, companies can sue Governments, and an arbitration committee can decide in favour of a company, rather than of a Government. That would be the main area to me, but of course any time you are talking about negotiating tariffs and non-tariff barriers, you are immediately ceding some elements of sovereignty to the CPTPP as a whole.

- Q68 **Chair:** A final point from me before I move to Lloyd Russell-Moyle. I cannot remember which witness said this, but there was mention that the CPTPP was a small club for the small mediums to counteract the EUs, Chinas and Americas of the world. Are these countries that are adrift and have to come together in the CPTPP? In the vastness of the Pacific Ocean, they find each other to cling on to.

Professor Ravenhill: That certainly wasn't the intention with the original TPP. The US was going to be central to it. When we have been talking here about the potential CP—I hate the Canadians for putting in those other words, it makes it a real tongue-twister—

Chair: You are probably the closest man to bring it up with them, so we will leave it with you.

Professor Ravenhill: That's right. If either the United States or China joins the CPTPP, the institution and the opportunities for economic gains

will be transformed. If both of them join, together with the UK, the CPTPP would cover 55% of the world economy—substantially more than the European Union.

Q69 **Chair:** What gain to GDP could I give?

Professor Ravenhill: All the economic models that were done of the original TPP show clearly that, if China was part of it, it would be substantially more than if it was just the United States. Clearly, with economies of that size, it will be a game changer.

Q70 **Chair:** You would expect a lot if China was in it, but given that the States is perhaps 0.2% of GDP, on the whole would the CPTPP manage to get up to a whole round percentage point of gains to the UK economy? Would it manage to be a quarter of what the EU was to the UK, or a fifth?

Professor Ravenhill: Off the top of my head, I honestly cannot answer that. I will happily look it up and find the relevant economic models.

Chair: Thank you. You can see that I quite like numbers. We will leave numbers out for now and move on to the great man of Brighton, Lloyd Russell-Moyle.

Lloyd Russell-Moyle: Let's not overexaggerate that now.

Chair: The rest took the compliment.

Q71 **Lloyd Russell-Moyle:** I am sure that you have covered a lot of these points already, but I want to follow up on two things you have said. Professor John, you particularly mentioned ISDS. The Japan deal has an ISDS provision to review the Japan deal if Britain enters another trade relationship with ISDS in it. This would be entering a trade relationship with ISDS and Japan in it already. Would that mean any opening up or reconsideration of the Japan deal, or incorporating bits of it into the ISDS framework? Does that make sense?

Professor Ravenhill: It does. I am not sure that I know the answer on that; you would probably need a trade policy lawyer to address that one. The provisions in the CPTPP are comprehensive, as regards ISDS, but there was one important carve-out, which was one reason why the US Senate didn't immediately ratify the agreement. That is article 29.5, which refers to tobacco control measures. There is nothing that can be done by way of using the ISDS mechanisms to stop Governments putting into place plain packaging rules for cigarettes, for example. As I am sure many members of the Committee are aware, this became particularly controversial in relation to the Philip Morris use of ISDS.

Q72 **Lloyd Russell-Moyle:** It is interesting that the ISDS has exceptions in it. We are talking about China and about the USA. With the USA we don't really know because everything is in flux; Biden has come in and it is settling down its rules. Is there any possibility of China entering this deal, or is that fanciful talk?



Professor Ravenhill: China has waxed and waned on this issue over the years. Clearly it is concerned about being excluded from a deal. It also likes to portray itself as a champion of trade liberalisation. The years of protectionism under the Trump Administration have enabled it to play this role.

At last year's APEC meeting in November, President Xi said that China was giving very serious consideration to lodging an application for membership of the CPTPP. I think it would be enormously difficult for China to comply with the high-quality arrangements that are laid out in the CPTPP, for instance on investment, cross-border data flows, labour standards and the issues related to state-owned enterprises. If China did put in an application, it might be as much for political purposes as for any others.

Q73 **Lloyd Russell-Moyle:** Is that useful for us? Currently, we are discussing putting some restrictions on China because of its human rights record. There are ongoing concerns. The Anglosphere seems to be taking a more strident role against China, whereas the EU seems to be trying to balance and not really get involved in any of the crossfire. Would that pose difficulties for the US wanting to lodge an application if China gets in there first?

Professor Ravenhill: I think it would, but we have no idea how the CPTPP Commission will treat an application from China. It might just say that there is no possibility that China can meet the benchmarks that are laid out in the accession arrangements. That gets into very difficult politics. As you have said, the EU has taken a different approach to the Anglosphere countries.

One of the risks with the CPTPP is that it becomes perceived to be an anti-China grouping. The downside of this, first of all, is that it may lead China to behave even more unpredictably, but also that it may drive some other Asian countries towards China and this other regional agreement, the Regional Comprehensive Economic Partnership, rather than the CPTPP. Malaysia is key to this because it has always had reservations about various dimensions of the CPTPP and, over the years, has been one of the primary advocates of an Asian-only approach to regional integration. The UK coming into the CPTPP might push Malaysia over the edge and back into the RCEP camp.

Q74 **Lloyd Russell-Moyle:** That starts to see CPTPP disintegrate slightly from being a real Asian foothold to just an arrangement between our traditional partners, with Japan being one of the western countries, as the old view would have been?

Professor Ravenhill: UK accession would change the whole game—this now becomes a club of like-minded countries, rather than a regional economic grouping.

Q75 **Lloyd Russell-Moyle:** I am happy for other witnesses to come in on this. Does that reduce its actual economic benefit and become more of a political benefit—we are like-minded countries that pat ourselves on the back and allow ourselves to trade, rather than a regional club that



integrates its economies?

Professor Ravenhill: It very much depends upon what happens with the US. If the US comes into it, then this becomes a club that has the potential to set the rules for international trade. If the US stays out, it is a club of relatively small players compared to the US or China.

Q76 **Lloyd Russell-Moyle:** So, it is unlikely that China ends up joining, but there could be political hurdles along the way, and if the US does not join, it is a nice club but possibly not one of the big hitters?

Professor Ravenhill: Absolutely.

Q77 **Lloyd Russell-Moyle:** I wonder if any of the other witnesses wanted to come in on that, particularly around the geopolitics, otherwise that is it from my side.

Stephen Booth: I would add one thing. I take all the points that were made and I agree with most of them, but it has to be the case that by all of those smaller and medium countries clubbing together to be part of a platform that sets the rules, it does give them greater strength than they would have individually to, not compete, but engage with those bigger entities in conversations about setting the rules. It does not necessarily mean it has to be confrontational, but it does give those countries a bigger platform of strength to engage in those conversations.

Lloyd Russell-Moyle: Thank you.

Chair: Thank you very much. Time has been aggravating me for the last little while. There is a lot to discuss and learn. Minako, you managed to juggle skilfully the demands of CPTPP and home schooling, so particularly well done to you. I thank the other witnesses, Professor John Ravenhill from the University of Waterloo, Canada, and Stephen Booth, head of the Britain in the World Project at Policy Exchange. I thank all three of you for your time this afternoon.