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Dear Peter,

I am writing to offer a response to the points raised by your Committee in relation to its recommendations directed at the Government regarding the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

In July 2023, the UK officially signed the treaty through which we will accede to the CPTPP, kickstarting membership of a modern and ambitious trade deal, which will span 12 economies across Asia, the Americas and Europe when the UK accedes (likely later this year). The CPTPP is one of the largest free trade areas in the world and currently accounts for 12% of global GDP, and with the UK as a Party, this will increase to almost 15% of GDP, or £12 trillion (according to 2022 data). This will only increase further as the agreement expands.

The CPTPP is recognised as one of the world's most progressive free trade agreements with ambitious provisions for digital trade, e-commerce, and trade in services, that are ideally suited to the UK economy. The trade agreement contains high standards for sustainability, anti-corruption and improving workers' rights.

This comprehensive agreement will also support UK businesses across sectors by making it easier for them to trade with CPTPP Parties when we accede. It will facilitate innovation and provide consumers with more choice. Acceding to the CPTPP will generate long-term benefits for both the UK and CPTPP Parties, support UK jobs and provide opportunities for growth across the UK. Businesses in all parts of the UK are expected to benefit.

Joining the CPTPP will further link the UK to one of the most dynamic trading areas in the world, a key aim of the Integrated Review Refresh published in March 2023.

Acceding to CPTPP will put the UK at the heart of an energetic group as the world economy increasingly focuses on the Indo-Pacific region. CPTPP's strong rules will benefit the UK's businesses, and the UK joining will help strengthen the international consensus in these areas.

Officials across government and I have carefully considered the recommendations made by your Committee and provide a detailed response below.

Best wishes,

A handwritten signature in blue ink, appearing to read 'D. Johnson', with a horizontal line underneath.

Lord Johnson of Lainston CBE
Minister for Investment and Minister for Regulatory Reform
Department for Business and Trade

Government response to the IAC report regarding the UK's accession to the CPTPP

Introduction

1. We broadly welcome the accession of the UK to CPTPP. However, it remains to be seen whether the Government's intended trade and geopolitical benefits will materialise. (Paragraph 7)

and,

2. We bring the Protocol on the Accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership to the special attention of the House on the grounds that it is politically important and gives rise to issues of public policy. We make this report to the House for debate. (Paragraph 8)

We welcome this conclusion of the Committee and are strongly of the view that our accession to CPTPP will bring wide-spread benefits to the UK. The UK will be the first country to accede to CPTPP and the first European member. Our membership will place us at the heart of the Indo-Pacific, a region that will be crucial both economically and strategically in the coming decades. This is an agreement that is set to grow, with new members queuing up to join. As the first acceding country the UK will be ideally situated to benefit from that expansion.

The Government was pleased that parliamentary time was found for a debate during the CRaG period in the House of Lords, and welcomed the interest that Peers showed in the UK's Accession Protocol as part of that debate.

Terms of accession

3. We welcome any additional economic benefits as a result of accession to CPTPP, particularly through market access to Malaysia and Brunei for the first time. However, we also acknowledge the limited economic gains suggested by current projections. (Paragraph 12)

We welcome the Committee's recognition of the additional economic benefits to the UK as a result of accession to CPTPP.

The Government's impact assessment sets out the considerable gains expected from the UK joining CPTPP. Our analysis shows that accession to CPTPP could amount to billions of pounds of benefit to the UK economy, each and every year in the long run.

The headline modelling however, only considers the marginal and isolated effect of the changes that we are making to our trading terms based on current membership of the CPTPP. The impact assessment does not comment in detail on how geopolitics will change the world economy over the coming decades, how different technologies will influence our trade, and critically how the membership and depth of CPTPP will change. Therefore, at the same time as the impact assessment, the Department published a document outlining strategic benefits of the UK's accession to CPTPP which should also

be taken into account when assessing the potential impact of the deal:

<https://www.gov.uk/government/publications/the-strategic-potential-of-the-uks-accession-to-cptpp>.

All modelling is a stylised representation of reality, based on necessary assumptions and approximations, and subject to uncertainty. This is why the modelling results should not be interpreted as highly precise estimates of what will happen; rather, they represent an indication of the direction of impacts and broad orders of magnitude.

4. We welcome the Government's awareness of the issues around the use of rules of origin provisions. There is a clear opportunity for UK manufacturers to develop new business models, but equally member countries that are geographically closer to each other may find it easier to develop integrated supply chains. Overall, we are concerned about the extent to which businesses in general, and SMEs in particular, will be able to take advantage of the provisions on offer and call on the Government to monitor this carefully. Implementation will be a key factor, particularly for businesses not currently exporting goods. (Paragraph 21)

We recognise that action is needed to ensure businesses, particularly Small and Medium sized Enterprises (SMEs), are able to take advantage of the opportunities created by FTAs. The Department's Free Trade Agreement (FTA) Utilisation team was set up to ensure businesses are aware of the UK's new FTAs and how to realise the economic benefits they provide. Part of the team's focus is promoting the benefits of CPTPP to businesses. The team is also working closely with the Department's staff who support business in the UK and overseas, to equip them with the tools and information they need to confidently engage with businesses to explain and access commercial opportunities in CPTPP markets, when the agreement enters into force.

The team are engaging with a range of businesses across the UK and overseas, seeking feedback on FTA guidance documents we are developing, as well as how the FTAs are working in practice. We are preparing easily accessible practical guidance, including on policy areas such as rules of origin, to explain what has been agreed in CPTPP and how businesses, particularly SMEs, can benefit from them. Businesses can also access Government support on rules of origin via resources available on [great.gov.uk](https://www.gov.uk/great) such as the [Export Support Service](#) and the [UK Export Academy](#), through our network of International Trade Advisors and use the [online tariff checker](#); which will be updated to include CPTPP tariffs at entry into force.

The Department has started hosting a series of events for businesses on CPTPP including in partnership with Business Representative Organisations and sector-specific trade associations to provide joined-up support. This activity will increase in the run-up to and beyond entry into force, including at the upcoming Indo-Pacific Roadshow.

5. We welcome the provisions in the side letter signed with Malaysia to support the growth of the UK automotive sector, but note the reservations of the Society of Motor Manufacturers and Traders. We call on the Government to set out its analysis of the effect of Chinese market competition. (Paragraph 24)

The side letter with Malaysia means that UK manufacturers are more likely to be able to meet the rules of origin and be eligible for the preferential tariff for their finished cars exports. It accounts for the closely integrated nature of the UK-EU supply chains in the automotive sector and supports the UK Government's objectives in developing electric vehicle (EV) supply chains in the UK. Indeed, Society of Motor Manufacturers and Traders recommended this side letter approach in its written evidence to the Committee on its CPTPP inquiry¹.

Regarding the competition from Chinese EV on the Malaysian market, the UK exported £216 million of cars to Malaysia in 2023 in current prices². Joining CPTPP means UK car manufacturers will benefit from the staged removal of tariffs of 30% on UK exports of cars to Malaysia within seven years. UK exports are concentrated in premium and luxury models, which derive brand value from being manufactured in the UK and are not in competition with domestically produced and Chinese models.

In terms of potential exports of Chinese models from Malaysia to the UK, the UK imported £0.7 million of cars from Malaysia in 2023 in current prices³, and tariff free access on UK imports from Malaysia was agreed as part of the UK's planned accession after five year staging. The new rule of origin on cars with Malaysia ensures that at least 25% of the final value of the vehicle must originate from Malaysia or other CPTPP members as is the case for UK exports. This guarantees that electric vehicles exported to the UK have been substantially produced in Malaysia. Of the Chinese electric vehicle brands sold in the UK, only Geely SMART currently has production in Malaysia with most other brands favouring production in neighbouring countries, such as Thailand, Indonesia and Vietnam. Furthermore, the risk of increased competition from Malaysian manufactured cars is lowered when we consider that car production tends to serve local markets.

6. In general, we welcome the good balance achieved between new market access for food exporters and access to the UK market, particularly as this issue was previously raised in relation to the trade agreement with Australia. (Paragraph 28)

We welcome the Committee's recognition of the steps the Government has taken to balance new market access for food exporters and access to the UK market. Our accession to CPTPP will present opportunities for UK producers in sectors such as dairy, meat, chocolate and whisky to increase exports, whilst protecting our sensitive domestic sectors such as beef, pork, chicken, milled rice and sugar. This is in line with the Prime Minister's commitment to put farming at the heart of British trade and consider the full impacts and opportunities of trade agreements for our domestic agricultural sector.

We are committed to supporting our food and drink producers to take advantage of the new export opportunities presented by CPTPP, including by increasing the number of UK agri-food and drink attachés to help us reach new markets. By the end of this year, the UK will have attachés based in five CPTPP countries – Australia, Canada, Japan, Mexico and Vietnam – working to reduce market access barriers and ensure UK food and drink producers are able to boost their exports and maximise use of the CPTPP agreement.

7. We welcome the report from the Trade and Agriculture Commission stating that UK food and drink rules do not have to change as a result of CPTPP accession. We note however the potential risk of challenge to these rules in the future. (Paragraph 34)

and,

8. We call on the Government to set out how it intends to address the potential risk of equivalence provisions leading to “regulatory chill”. (Paragraph 35)

We are committed to upholding our high environmental, food safety and animal welfare standards in our trade agreements. The CPTPP SPS chapter is clear (Article 7.9.3(a)) that nothing in the chapter shall be construed to prevent the UK from establishing the level of protection of human, animal or plant life or health that the UK determines to be appropriate. The Trade and Agriculture Commission (TAC) were clear that “CPTPP does not limit the UK’s existing WTO rights to enforce its statutory protection” and that “CPTPP does not prevent it from acting in a way that it could otherwise do” (TAC advice page 47).

The recognition of equivalence of SPS measures is an important means of facilitating trade and is one of the UK’s existing WTO rights and obligations. However, the UK is not under any obligation to accept as equivalent an SPS measure of another Party to the CPTPP agreement that does not achieve the same level of protection as the UK’s measure, or does not have the same effect in achieving the objective as the UK’s measure.

As the Trade and Agriculture Commission’s advice notes (TAC advice page 22), the determination of whether another Party’s measures have the same effect in achieving the objective as the UK’s measure (Article 7.8.6(b)) is not subject to CPTPP’s dispute settlement mechanism. This decision is for the UK to make as the importing Party, and CPTPP Article 7.8.9 states that the obligation resulting from a negative equivalence determination is that ‘the importing Party shall provide the exporting Party with the rationale for its decision.’

In their independent advice, the Food Standards Agency and Food Standards Scotland also noted that “The risk of [UK] SPS measures being challenged is already present under WTO rules and in other FTAs” (FSA/FSS advice part 8.8) and that “the UK’s food safety regulatory system has been deemed compliant with CPTPP requirements ahead of the UK’s accession.” (FSA/FSS advice part 12.1).

As our report under Section 42 of the Agriculture Act 2020 therefore concluded, the Government is clear that CPTPP does not change or restrict the right to regulate of the UK Government and Devolved Administrations on human, animal or plant life or health.

9. We welcome the Joint Statement on the Environment and the CPTPP provisions on environmental protection. We also note the concerns raised by witnesses, particularly regarding UK import of palm oil. However, as the UK was signing up to an existing agreement it was required largely to accept the terms as stated. (Paragraph 41)

We welcome the Committee's comments on the Joint Statement and environment provisions contained within CPTPP. As recognised by the Committee's report, CPTPP includes an extensive environment chapter which promotes high levels of environmental protection and recognises Parties' sovereign right to regulate on environment, including in the pursuit of reaching net zero and other environment goals. We would also like to draw the Committee's attention to the findings of the Trade and Agriculture Commission Report which stated (page 50) that "It is unlikely that CPTPP will lead to an increase in palm oil being grown on deforested land."

We note the concerns raised to the Committee by witnesses regarding palm oil and would like to reassure that the UK Government is committed to supporting the sustainable production of palm oil, with 86% of UK palm oil imports certified as sustainable in 2022, up from 16% in 2010. We are working with Malaysia in international fora to support sustainable production of palm oil, and at the time the UK signed the Accession Protocol, we also published a Joint Statement with Malaysia setting out our shared commitment to work together to promote sustainable production of commodities and protect forests.

10. We urge the Government to monitor closely the employment practices of our CPTPP partners and be prepared to act should it identify issues. (Paragraph 44)

The UK is committed to promoting high labour standards in all trade agreements, and to holding partners to account on labour commitments in CPTPP.

CPTPP includes a comprehensive labour chapter that includes provisions to protect and enforce labour rights, improve working conditions, and strengthen cooperation on labour issues. Article 19.12 establishes a Labour Council to review Parties' priorities about labour cooperation and capacity building activities. The UK attended its first CPTPP Labour Council in November 2023, which held productive discussions on a number of labour topics.

If there are concerns of non-compliance, Article 19.11 allows the UK to bring CPTPP Parties into dialogue on labour issues and provides a framework for Parties to discuss specific steps and timelines to address issues raised.

Where concerns are unresolved, the Labour Chapter is also subject to the dispute resolution mechanism, so the agreement provides a robust enforcement mechanism ensuring Parties can be held to account when they fail to uphold commitments made in the Chapter.

11. We welcome CPTPP's provisions on services while noting that the benefits may be more limited than the Government has suggested. We note in particular the lack of provisions on the mutual recognition of professional qualifications to drive services trade. (Paragraph 49)

We welcome the Committee's comments on services market access. The modern rules of CPTPP ensure non-discriminatory treatment and greater levels of regulatory transparency. UK businesses will benefit from increased certainty and confidence in their ability to sell

services to, and within, the CPTPP Parties. CPTPP also guarantees that UK service suppliers and investors will benefit from further liberalisation if it takes place after the agreement enters into force. This means that if a CPTPP Party further liberalises a sector or offers more favourable treatment to another country, the UK will automatically benefit too.

CPTPP also provides greater legal certainty on temporary entry for businesspersons. For example, the UK will, for the first time, receive greater certainty for both contracted and self-employed service suppliers travelling to Malaysia for business purposes. British citizens will be able to deliver services in Malaysia across 19 economic sub-sectors for stays of up to 12 months. There are also benefits that go beyond our existing bilateral agreements in a number of instances. For example, when transferring to a branch of their company in Canada, UK professionals will benefit from certainty that they are able to bring their spouses to live and work in Canada for the duration of their stay.

In addition, CPTPP commits Parties to encourage regulators to establish dialogues with a view to recognising professional qualifications. Further, the agreement establishes a dedicated Professional Services Working Group as a forum for discussion between the CPTPP Parties in relation to the recognition of professional qualifications and facilitation of licensing or registration in the sector. The UK is able to participate in the Professional Services Working Group and can request for the decisions taken by the working group prior to its membership to be extended to the UK when it is a Party. In the longer term this could allow UK businesses greater access to CPTPP markets in sectors such as legal services and engineering.

We will continue to engage closely with the UK's regulators, professional bodies, professionals, and businesses across the Professional and Business services sector on this agenda.

12. We welcome the provisions of the Accession Protocol which avoid threatening the UK's continued adherence to the European Patent Convention, and thereby resolve the major concerns expressed in our previous report on Negotiating Objectives. (Paragraph 53)

We welcome the Committee's comments on this. As the Committee is aware, the UK has agreed with the CPTPP Parties that it will comply with Article 18.38 once the necessary amendments to the European Patent Convention (EPC) and the Strasbourg Patent Convention have been made in line with Article 18.38 of CPTPP, and not before. The UK has therefore ensured our accession to CPTPP is consistent with our existing international obligations in the EPC.

13. We call on the Government to set out a clearer approach to ISDS and seek to reassure stakeholders that their concerns around regulatory chill are being addressed. (Paragraph 59)

CPTPP provides investors with investor protection provisions that seek to guarantee the treatment they can expect to receive when accessing and operating in CPTPP markets. The agreement contains a modern, transparent ISDS mechanism for investors to seek

independent legal redress should they not receive this treatment. Upon the UK's accession to CPTPP, British investments in Brunei and Canada, which totalled £41.6 billion in 2021, will now be covered by ISDS provisions for the first time.

The UK provides a welcoming investment environment with a non-discriminatory regulatory regime, strong rule of law and good governance, and has never received a successful claim from any investors of CPTPP Parties, nor investors of any other country the UK has ISDS commitments within its international investment agreements.

Inclusion of ISDS in UK treaties is made on a case-by-case basis. Decisions on inclusion consider whether it is in the UK's interests and where we agree with partners that it can play a useful role in supporting the bilateral investment relationship. These considerations are negotiation sensitive, and therefore not appropriate for publication.

The Government is clear that where we negotiate investment protection and ISDS provisions, we will maintain our right to regulate in the public interest, including in areas such as the environment. To reiterate, the UK has investment agreements containing ISDS provisions with around 90 trading partners and has never been subject to a successful claim.

The strategic context

14. We acknowledge the potential advantages of the UK's new role in CPTPP. However, the Integrated Review and Integrated Review Refresh lack detail as to how the Government intends to utilise CPTPP as an important economic and trade strand of its strategy. We have seen that there is potential for CPTPP to be a forum for engagement with partners in the Indo-Pacific, but note that its primary function is as a free trade agreement. We would welcome further detail on how the Government expects membership of CPTPP to contribute to delivery of its strategic aims in the region as the agreement is implemented over the coming years. (Paragraph 72)

The Government published "CPTPP: The Strategic Potential of the UK's Accession"⁴ in July 2023, shortly after signing the CPTPP agreement. This lays out the opportunities available to the UK on joining CPTPP, and how that relates to the UK's strategic aims in the region. It recognises the Indo-Pacific as a key pillar of UK international policy and as a driver of global growth, considers how the UK could approach its membership of CPTPP, and acknowledges the economic and strategic potential of an expanding membership.

The Government will continue to set out further detail on how CPTPP can contribute to the delivery of the UK's strategic aims at appropriate moments during the course of our membership.

15. There is some value to UK accession to CPTPP as a forum for like-minded countries to discuss the challenges facing international trade and find ways to cooperate in addressing these issues. However, the utility of this rallying point against the backdrop of a more protectionist trade environment is limited. While the difficulties within the WTO amplify the importance of plurilateral rules-based trade

agreements such as CPTPP, it will only represent a small part of UK trade as a whole. (Paragraph 79)

Supporting the rules-based international trading system is about using all the UK's levers – bilateral, plurilateral and multilateral – and UK accession to CPTPP will form an important part of this approach.

Through its rules, CPTPP embodies a set of trade practices based on openness and transparency. The more the rules are spread, the harder it will be for trade-restrictive practices to take root. CPTPP can help create the basis for future progress at the multilateral level by agreeing modern rules within a large, and growing, group of dynamic and influential countries – and by influencing the approach of other economies who may wish to join CPTPP in the future.

While large and ambitious agreements like CPTPP can influence the multilateral rules-based system, they also influence bilateral or regional approaches. This has direct benefits, in addition to building momentum for wider change.

The UK will engage in CPTPP as it does throughout its trade policy - in pursuit of a strong rules based international order which supports free and fair trade and economic growth.

16. In any development of CPTPP, the Government should prioritise innovations in the area of climate and trade in environmental goods and services; in digital services and trade in digital technology; and in professional services. Progress in the area of mutual recognition of qualifications in the medium term would be particularly welcome. (Paragraph 85)

The upcoming General Review of CPTPP will look at each Chapter, guided by the Terms of Reference which we developed and agreed alongside the other CPTPP members. Those Terms of Reference note a range of areas on which the review could focus, including improving utilisation of the agreement, particularly by small businesses, strengthening supply chain resilience, demonstrating CPTPP leadership on the digital economy, and reinforcing the links between trade and global environmental issues, including climate change.

Our response to the Committee's recommendation in paragraph 49 sets out the Government's ability to participate in the CPTPP Professional Services Working Group (PSWG), through which progress in the area of recognition of professional qualifications can be made under the terms of the agreement. Utilisation of the Professional Services Annex, including the activities of the PSWG, are within the scope of the review of CPTPP.

17. We regret the absence of a consumer chapter in CPTPP. Inclusion of such a chapter would be a valuable means of identifying and protecting consumers as key stakeholders to this agreement. (Paragraph 86)

The UK Government shares the Committee's ambition to protect consumers and is confident that this is achieved through CPTPP.

In line with the approach taken in other free trade agreements, CPTPP contains significant consumer protection provisions within the competition policy and electronic commerce Chapters of the agreement. The competition Chapter requires CPTPP Parties to adopt or maintain consumer protection laws or regulations that ban fraudulent and deceptive commercial activities. The Chapter also promotes cooperation and coordination between the Parties on matters related to, and the enforcement of, consumer protection laws. The electronic commerce Chapter similarly requires the parties to adopt or maintain consumer protection laws that protect consumers engaged in online commercial activities and also promotes cooperation between the Parties with respect to these activities.

Further, reduced tariffs on imported goods will benefit British consumers as well, who could receive better choice, quality, and affordability. This could mean cheaper prices for high-quality products like fruit juices from Chile and Peru, honey and chocolate from Mexico, and vacuum cleaners from Malaysia.

18. An expanded membership of CPTPP could open up new markets for UK goods and services. (Paragraph 90)

and,

19. We call on the Government to explain in their response to this report what impact they expect future accessions to have on the ability of CPTPP to innovate and modernise. (Paragraph 90)

One of the biggest opportunities from CPTPP being a 'living agreement' comes from expanding its membership and increasing the economic and strategic benefits to the UK. The Government and CPTPP Parties have been clear that CPTPP was created to expand, with the economic benefits growing over time. The UK's accession will create an even stronger incentive for other economies to join one of the most modern trade agreements in the world, amplifying its impact and CPTPP Parties' access to new markets.

In terms of the impact of future accessions, the UK's own accession was successful because we are demonstrably a high-standards economy with a strong track record. We have therefore set a strong precedent and reinforced the high bar for future accessions. Moving forward, CPTPP Parties have agreed that applicant economies must meet three criteria, they must: be willing and able to meet the high standards of the Agreement; have a demonstrated pattern of complying with their trade commitments; and be able to command consensus of the CPTPP Parties. All Parties are united that future candidates must satisfy these high standards.

As such, it is only economies which are in a position to adhere to, uphold and bolster these standards who will be able to accede to CPTPP. It is our firm belief that economies who champion and deliver on such principles will, by extension, be supportive of continually maintaining CPTPP as a cutting edge trade agreement, sustaining the ability of CPTPP to innovate and modernise.

Furthermore, as a well-functioning agreement, the text of CPTPP mandates that the agreement should be reviewed at least every five years. The first review of the agreement will begin this year. Each CPTPP Party is committed to ensuring the agreement remains of

a high standard – and any new Parties to the agreement would also be involved in future General Review processes.

20. The UK should support membership of countries which meet the accession principles: the ability to meet, implement and adhere to CPTPP standards and a track record of adhering to trade commitments. (Paragraph 93)

and,

21. The Government should work with other members on the accession of eligible countries which have demonstrated the appropriate commitments. (Paragraph 93)

The Government and CPTPP Parties have been clear that applicant economies must meet three important criteria, known as the ‘Auckland Principles’. They must:

- i) Be willing and able to meet the high standards of the Agreement;
- ii) Have a demonstrated pattern of complying with their trade commitments; and
- iii) Be able to command consensus of the CPTPP Parties.

The UK supports these principles, and we will work closely with other members to uphold them as decisions are taken on future accessions.

22. When an accession process commences, we call on the Government to subject it to the same process of consultation and modelling as they would for a new FTA partner. In line with this approach, we further welcome the Government’s commitment to subject any future accession to the agreement to the CRAG scrutiny framework. (Paragraph 94)

The accession of a new economy to CPTPP is a new process that CPTPP Parties have only been through once before, and because of the unique nature of an accession process it is not directly analogous to negotiating a new bilateral trade deal between two economies.

However, the Government recognises the importance of appropriate scrutiny and we will take that into account as we develop our approach to future accessions. On the CRaG framework: we have been clear that the accession of new Parties after the UK has acceded will require amendment to the terms of the CPTPP to which the UK must agree and so, as with the UK’s Accession Protocol, our firm intention is that such a future accession would be subject to scrutiny by Parliament under the Constitutional Reform and Governance (CRaG) Act 2010.

23. We reiterate the need for the Government to publish a trade policy that sets out defined priorities in areas of benefit to the UK. Such a policy would help those scrutinising trade agreements to understand the framework within which trade agreements are made. (Paragraph 97)

The Government clearly communicates its trade strategy in publicly available documents: the Integrated Review Refresh, speeches and committee appearances, and our Export Strategy.

At the beginning of each new negotiation for FTAs, we publish the UK's overall approach where the Government's priorities and objectives for the FTA are set out. The Government is also committed to providing updates to Parliament that are available to the public. This includes written updates after negotiating rounds, engaging with committees throughout negotiations, and in debates during Bill scrutiny; Ministers also provide information when answering written and oral questions.

We operate in a dynamic and complex international environment, that requires pragmatism and flexibility when seeking to achieve UK goals. There is no one size fits all approach, as each new FTA negotiation is different and is tailored to the relationships and markets of the countries involved.

By publishing a trade policy framework that sets out defined priorities in areas of benefit to the UK, we may also risk revealing our positions, undermining our ability to negotiate effectively and therefore place UK businesses in an uncompetitive position.

Implementation of CPTPP

24. We welcome the Government's measures to engage with and support business. However, we are concerned that they require individual businesses to seek them out, and those most likely to do so are those already exporting to the region. As such, these methods are less likely to overcome the barriers that we have identified such as a lack of knowledge and experience of FTAs in general and CPTPP in particular. If the potential economic benefits are to reach beyond the current marginal predictions for growth, we recommend that the UK Government proactively engages with businesses in an ongoing dialogue. (Paragraph 105) and,

25. Our evidence suggests that the Government does not currently have an adequate plan for promoting CPTPP. We recommend that the Government develop new approaches to engaging businesses, including a task force to build the overall capacity of UK businesses to use CPTPP. This should work alongside existing initiatives such as the UK's trade envoy network. (Paragraph 108) and,

26. A task force should run over a two-to-three-year period, focusing on a regional roadshow engaging with local business associations and individual small and medium sized businesses, alongside online activities. Opportunities such as selling into the newly preferential markets of Malaysia and Brunei should be emphasised, as well as the use of rules of origin and other key provisions. The Government should develop mechanisms to evaluate the success of this engagement. (Paragraph 109)

The Department for Business and Trade's Free Trade Agreement Utilisation (FTAU) team was set up to ensure businesses are aware of the UK's new FTAs and how to realise the economic benefits they provide, including the CPTPP, Australia and New Zealand FTAs. The team is committed to raising awareness and promoting the economic benefits of the UK's new FTAs to businesses and is undertaking strategic and targeted engagement to achieve this objective. We have been working in partnership on FTA activity with business representative organisations (BROs), such as the Federation of Small Business and the

Institute of Export and International Trade, and sector-specific trade associations including techUK, Automate UK and the UKFT, allowing DBT to reach as many businesses as possible.

DBT officials have been working hard to raise awareness of our FTAs with Australia and New Zealand, travelling across the UK to meet with businesses and their representatives, including during the recent Australia and New Zealand Roadshow in March 2024. Following on from this, the FTAU team is planning a series of events leading up to CPTPP entry into force to ensure businesses are aware of, and know how to take advantage of, the opportunities CPTPP presents. This activity has already started, with the Department hosting a series of events for businesses on CPTPP, in partnership with BROs, Chambers and trade associations, which have been both online and in-person. These engagements have ranged from a deep-dive webinar on goods with the British Chamber of Commerce in Malaysia, to an event in Wales run by DBT Wales, the Institute of Directors and Wales Manufacturing Group. Recent and upcoming events include a DHL webinar on CPTPP, participating in Automate UK's export conference, and a roundtable on trading with Latin America and the Caribbean (LATAC) under CPTPP. This activity will increase in the run-up to and beyond entry into force of CPTPP, including as part of the Indo-Pacific Roadshow taking place in June 2024.

DBT's offer to business on FTAs is integrated into the existing export support ecosystem. The FTAU team is working closely with the DBT staff who support business in the UK and overseas, to equip them with the tools and information they need to confidently engage with businesses to explain and access commercial opportunities in CPTPP markets when the agreement enters into force. This includes training over 100 International Trade Advisors in the English regions, as well as FTAU being guest trainers for the UK Export Academy who, in addition to general exporting modules, deliver modules on FTAs. The UK Export Academy has created FTA-specific modules, which launched in October 2022. These are regularly reviewed and developed, to include market-specific modules including Japan, Australia and New Zealand with upcoming sessions in March and April 2024. A CPTPP module was launched in September 2023, with the next session being held in May 2024.

To support businesses, the FTAU team has already created over 40 pieces of easily accessible guidance on the provisions of the Australia and New Zealand FTAs, hosted on [great.gov.uk](https://www.gov.uk/great). The guidance was reviewed by businesses and BROs to ensure it was relevant and useful for business, particularly Small and Medium sized Enterprises (SMEs). The same approach is being taken for guidance on CPTPP to explain what has been agreed in CPTPP and relevant bilateral agreements. Guidance will cover key policy areas such as rules of origin, preferential tariffs and digital trade, as well as sector-specific guidance for CPTPP markets including Malaysia and Brunei. This guidance is also being tested by BROs and businesses to ensure that it is fit for purpose.

The team is also engaging with business to gather feedback on how the FTAs are working in practice, specifically on what trade facilitation and market access barriers businesses may be experiencing so DBT can advocate for improvements with our FTA partners and improve our FTA strategy going forward. The FTAU team looks to use best practice from our trading partners, including meeting with other CPTPP Party governments to learn how they have

approached utilisation of FTAs and communicating information to businesses. For example, the team met with officials from Japan, Vietnam, Canada, Malaysia, Singapore and Australia on recent trips to learn about their utilisation approaches.

DBT has published a monitoring and evaluation strategy which commits to embedding monitoring and evaluation into DBT's processes, making it a fundamental part of the programme cycle.

27. Once the CPTPP task force comes to an end, the Government should aim to retain the expertise and experience to continue to engage UK businesses. It should make every effort to encourage the ongoing use of the agreement, and update businesses on developments agreed at the General Review. (Paragraph 110)

DBT's offer to business on FTAs is integrated into the existing export support ecosystem. The FTAU team is working with business-facing DBT colleagues to equip them with the knowledge and tools they need to confidently support businesses navigate the FTAs. This includes training over 100 International Trade Advisors in the English regions, as well as FTAU being guest trainers for the UK Export Academy who will be delivering FTA modules in future. DBT will also continue to run events for businesses on CPTPP after entry into force in the UK.

As part of the ongoing implementation programme, processes will be put in place to ensure that the Export Support Service is kept up to date with changes and upgrades resulting from the General Review and Trade Committees, so that they can convey improvements to businesses.

28. The failure to provide easy to access to online information for trading businesses is unacceptable, particularly as we have heard how important it is to ensure correct implementation of trade agreements. (Paragraph 113)

and,

29. The Government must work quickly with businesses to improve and clarify the online guidance and advice on all trade agreements, including CPTPP. (Paragraph 114)

The FTAU team has already created over 40 pieces of easily accessible guidance for businesses on the provisions of the Australia and New Zealand FTAs, hosted on great.gov.uk. The guidance was reviewed by businesses and BROs to ensure it was relevant and useful for business, particularly SMEs. The same approach is being taken for guidance on CPTPP. The guidance will cover benefits provided by both CPTPP and bilateral deals and will also highlight other online assets such as the government [tariff checker tools](#) which will be updated with CPTPP preferential tariffs when the deal enters into force. Businesses can also access Government support hosted on great.gov.uk such as the [Export Support Service](#), the [UK Export Academy](#), and through our network of International Trade Advisors.

30. We welcome the current consultation on the review of CPTPP, and call on the Government to set out and publish its priorities. Given the need to reach consensus, we also call on the Government to define its priorities in the context of a longer-term plan for the development of CPTPP. (Paragraph 118)

On Thursday 11 January the Department launched a 6-week period of public engagement where stakeholders could share their views on how CPTPP could be enhanced through the General Review process. This engagement period ended on Thursday 22 February and we are currently reviewing responses as we formulate our approach to the Review, bearing in mind the need for any changes to command consensus across the membership.

CPTPP was conceived as a living agreement, designed to evolve to maintain its high standards. While the UK already views CPTPP as a well-functioning high standards agreement, the General Review will look at where CPTPP Parties might be able to update the agreement so that it remains relevant to trade and investment opportunities and challenges confronting CPTPP Parties. We will engage on each issue raised under the Review in a way which seeks to promote and protect UK interests.

The Government will continue to set out further detail on how CPTPP can contribute to the delivery of the UK's strategic aims at appropriate moments during the course of our membership.

31. Where all CPTPP members cannot agree, the Government should seek to go further on a bilateral or plurilateral basis with one or more other members. (Paragraph 120)

The Government is always looking for opportunities to promote the UK's trade interests on a bilateral, plurilateral and multilateral basis, and will continue to do so within and outside of the CPTPP.

32. Beyond the General Review, the Government should keep us and other stakeholders informed of developments in the various chapters of CPTPP. We also recommend that a programme of stakeholder engagement should continue, building on that currently underway for the General Review. (Paragraph 121)

The Government's approach to engagement involves regular discussions between Ministers, officials, and stakeholders and this will continue ahead of the agreement's entry into force, and beyond. We will also continue to keep Parliament updated on relevant developments throughout the course of our CPTPP Membership.

We are committed to ensuring we have the right structures in place for meaningful engagement and to drive growth across all sectors, regions and nations of the UK. We maintain appropriate mechanisms to enable us to consult industry and other interested parties to inform our position in negotiations and trade policy more broadly.

For example, we regularly engage through the DG Trade Update Forum; a bi-monthly session hosted by Director General Amanda Brooks, bringing together a group of senior business and other stakeholders, including Civil Society stakeholders, unions, think tanks and NGOs, for regular and consistent opportunities to understand progress and help

shape our approach across the FTA programme. CPTPP often features in the quarterly Civil Society roundtable, which also includes NGOs, think tanks and unions as members.

In addition, the CPTPP team joins various Policy and Sector Trade Insight Forums where appropriate, which bring together DBT technical experts and business experts to focus on specific issues and their solutions.

33. We recommend that the Government should respond positively to a proposal for the establishment of a small, lean standing secretariat, though note that key questions such the funding, location and exact size of such a secretariat would need to be addressed. (Paragraph 124)

The Government will consider this issue as part of the upcoming discussions with other CPTPP Parties on the General Review.

34. We welcome the improvements made in consultation with the devolved nations, and reiterate our call for the Government to continue to provide timely, transparent and comprehensive engagement and information sharing to ensure that the devolved administrations are sufficiently informed and are clearly represented throughout negotiations. This should include all areas which relate to, or are likely to have an impact on the devolved nations. (Paragraph 128)

We welcome the Committee's acknowledgement of the positive relationship fostered with the Devolved Administrations (DA) during the negotiation process. From the outset of negotiations there have been frequent opportunities for Devolved Administrations to provide their views on CPTPP. This included mandate setting. DA officials attended multiple meetings with the Chief Negotiator and their team to express views on CPTPP accession. UK negotiators provided regular updates, arranging sessions with DA officials both before and after rounds to ensure DA officials were aware of the latest developments. Policy teams have also frequently engaged with DA officials. They hold meetings every six to ten weeks with DA officials, taking questions and providing information on technical aspects of our negotiating objectives.

DBT has continued to engage DAs on implementation, including the secondary legislation required for accession and the Trade (CPTPP) Act 2024. DBT sought legislative consent from all devolved legislatures for clauses in the Bill relating to public procurement. We received legislative consent on clause 3 and schedules of the Bill from the Welsh Senedd and the Scottish Parliament. Due to the timing of the return of the Northern Ireland Assembly, the Northern Ireland Executive were unable to publish a legislative consent memorandum ahead of the Bill receiving Royal Assent.

We look forward to continuing this positive relationship when we are a Party to the CPTPP.

35. We welcome the Government's previous commitment to improving its impact assessments and reiterate our call for detailed assessments of the impact of future trade agreements on the devolved nations and regions, including sensitive sectors such as agri-food. These assessments should be shared with the devolved

administrations at the earliest opportunity to allow adequate time for mitigation of adverse impacts, and to capitalise on any potential gains. (Paragraph 129)

For new FTAs, the Government publishes scoping assessments at the launch of negotiations and impact assessments when the signed treaty texts are laid in Parliament. These assessments set out the potential long-run incremental economic impact of the FTAs and are available on gov.uk. The analysis in these publications covers a number of areas, including the potential impacts on: the UK's regions and nations, sectors, employment, environment, consumers and businesses as well as the potential impacts on developing countries.

The Department continuously tries to improve the modelling methodologies and data, as well as maintaining a dialogue with academics and practitioners to stay at the frontier of FTA modelling and analysis. This includes following up on the recommendations of the external and independent Trade Modelling review. As new analytical methodological developments are made, including those on regional impacts, the department will look to incorporate them and apply them to future published analysis.

DBT works closely with the devolved administrations throughout the FTA process to ensure views are understood and taken into account during negotiation and to facilitate implementation.

In line with DBT's overall approach to information sharing, prior to signature, the final agreement texts will be shared with devolved administrations before being laid in the House.

36. We believe Northern Ireland's direct trade with CPTPP countries is likely to face restrictions that will not affect the rest of the United Kingdom and request further information from the government on what it expects the impact of this restriction to be. (Paragraph 131)

and,

37. We call on the Government to monitor the impact of the Windsor Framework on Northern Ireland's ability to benefit from CPTPP membership and on its ability to benefit from UK FTA tariff preferences more generally. (Paragraph 132)

Under Article 4 of the Windsor Framework, goods produced in Northern Ireland shall not be prevented from enjoying the same preferential access to a future UK FTA partner's market as goods produced in other parts of the United Kingdom. Businesses in Northern Ireland can therefore utilise our FTAs to export goods in the same way that businesses across the UK can. This will be the case for goods exported to CPTPP parties.

For goods moving into Northern Ireland from rest of world partners, the Government is making full use of the provisions within the Windsor Framework enabling tariff waivers and reimbursements for such movements. If goods entering NI are liable to pay the EU tariff, there is a customs duty waiver scheme, which allows tariff waivers of up to €300,000 every three years. We have also established a comprehensive tariff reimbursement scheme so duty can be claimed back where the EU tariff was paid, but it can be demonstrated that the

goods did not enter the EU Single Market. This delivers on a key priority for businesses and trade organisations, and has been a key ask from our trading partners.