

Response to IAC Report ‘UK Accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership 2021’

Introduction

On 28th September, the UK took the next step on the pathway to membership of this trading group, commencing talks with officials from all members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Since then, the Department for International Trade and other Government Departments have undertaken detailed negotiations with the CPTPP Parties, assessing and explaining our compliance with the rules in this trade agreement. Since the first Accession Working Group, we have made significant progress in technical discussions across each CPTPP chapter. In the next phase, we will move to market access negotiations.

Joining CPTPP will put the UK at the heart of a dynamic group of countries, as the global economic growth centres on the Pacific region. And as these economies grow, it is even more important that the UK is in a free trade agreement with them, so that we benefit from this growth. Accession could see 99.9% of UK exports being eligible for tariff-free trade with its members, and will facilitate services trade. Import demand among current CPTPP members is already set to increase by 57% over the 2020s, equating to \$5.5 trillion in imports annually by 2030, creating a growing pool of demand for UK exports.¹

The benefits of membership will be felt across the UK. Scotland is estimated to benefit from output gains of around £163 million in the long run, Wales around £53 million and Northern Ireland around £45 million. In England, the North West is expected to see long term output increase by £146 million and the West Midlands by £177 million.

¹ DIT Global Trade Outlook (September 2021)

Negotiation Objectives

- 1. We welcome the prompt publication of the Negotiating Objectives at the outset of the negotiations to accede to the CPTPP. We note, however, that these are very high-level objectives, with the Government mostly commenting on existing CPTPP provisions. Where the Negotiating Objectives set out specific commitments or red lines, no further indication is given of likely obstacles.**
- 2. Importantly, the Government is applying to accede to an existing agreement and the extent to which it needs to be accepted 'as is' or can be changed is uncertain. We call on the Government to set out its assessment of the extent to which the CPTPP agreement may be amended through the accession negotiations, including through the use of side letters and reservations; and to articulate whether it will be seeking any carve-outs.**
- 3. If the Government decides to enter into side letters, it should set out how the process of agreeing side letters will operate in practice, including whether agreement will be sought from all CPTPP members (even where not directly affected), or just on a bilateral basis.**

In June, DIT published an Outline Approach and Scoping Assessment for the negotiations, setting out our negotiating objectives and the economic impact and benefits of accession. We also provided a formal response to the Government's public consultation on CPTPP membership.

These documents set out our vision for membership of CPTPP in a way which minimises the impact on negotiation sensitivities. The negotiation of FTAs is conducted by the Executive under the Royal Prerogative. Full disclosure for some of our most sensitive positions would lead to worse negotiated outcomes.

As the Committee notes, CPTPP is a pre-existing agreement signed by eleven countries and ratified by eight. It is not possible to re-write the agreement, because this is an accession process, not a brand-new FTA negotiation.

We are aware that existing members of CPTPP have used 'side letters' and other instruments to clarify certain policies or exclude themselves from certain provisions. The Government will consider these options insofar as there is a need to safeguard UK interests in the negotiations. We will only accede to CPTPP on terms which are beneficial to the UK.

We will continue to keep Parliamentary Committees updated at Ministerial and Chief Negotiator level, including through private briefings where appropriate.

New Applicants

- 4. We have not taken evidence on the significance of China's and Taiwan's applications, on which the Government have yet to comment. It is not clear how China could accept all CPTPP's economic provisions, particularly on state-owned enterprises, or to what extent it might alter the cost-benefit analysis of UK accession. Plainly, there would also be geopolitical implications, with Taiwanese accession opposed by China**
- 5. There are potential economic benefits to the UK joining the CPTPP, though much depends on the future expansion of the CPTPP, and how successfully the Agreement can serve as a platform for cooperation and UK influence. We**

have heard much about speculative future benefits, but less about DIT's assessment of specific opportunities.

- 6. It is unclear the extent to which the UK, as a member, would be able to promote meaningful new cooperation initiatives or press for changes to the CPTPP text. We also do not know which other countries may realistically join the CPTPP in the future, and note in this context China's and Taiwan's recent applications for accession. The Government should start planning for post-accession work as soon as possible, and in particular share its assessments of these applications, given their importance to the economic and strategic case, and their geopolitical implications.**

As a non-member, we are not commenting on the specifics of individual applications to join CPTPP.

However, the UK welcomes the fact that CPTPP is designed to grow, and membership is open to all economies willing to meet the high standards which membership entails. We want to be the first country to join, giving us a say in future direction of the agreement, including expansion.

Around half of the world's 2.3 billion middle class consumers are expected to be in the Indo-Pacific region by 2030.² As the agreement expands, it will commit these fast-growing economies to high standards of free and fair trade, which are enshrined within the agreement. If CPTPP's modern trade rules become applied more widely, it will amplify its impact globally.

Expansion will also increase the economic benefits to the UK. For example, if Thailand and South Korea were to join CPTPP, our projected long run economic benefit could more than treble from £1.8bn to £5.5bn³.

Once we have joined, we plan to be a constructive member of CPTPP, championing our values and priorities, including through the committees and councils set up by the agreement, for example on the environment and electronic commerce. CPTPP will be reviewed three years after the original entry into force date and at least every five years after.

The agreement's institutional provisions encourage CPTPP members to agree a programme of cooperation under the leadership of the rotating Commission chair each year. On 1 Sept 2021, under Japan, the group agreed priorities for the coming year and include a great number of areas of relevance to the UK's trade, foreign and security interests. As a CPTPP member the UK will play a full role in determining and delivering the annual cooperation programme. In time, the UK will also take on the role of Commission Chair.

China and Taiwan

- 7. We call on the Government to explain the likely sequencing of China's and Taiwan's accession negotiations, and whether their Negotiating Objectives will be reviewed in the light of the applications by China and Taiwan.**

² DIT Global Trade Outlook (September 2021)

³ UK Accession to CPTPP: The UK's Strategic Approach: *Scoping Assessment*, p65. This figure assumes a baseline of FTAs having been secured with Australia and New Zealand.

- 8. The CPTPP negotiations are not without risks. They could give bilateral trade partners a second opportunity to seek greater market access which, in turn, could have an adverse economic impact. We welcome the approach adopted by the Government so far of including commitments in its agreements in principle with Australia and New Zealand that neither side will be seeking additional access or preferences through the CPTPP accession negotiations. The Government should ensure that it has concluded all new and enhanced bilateral trade negotiations with individual CPTPP members before it engages in substantial market access negotiations for CPTPP**

Given we are ourselves a current applicant, it would not be appropriate to comment on the status of other individual economies' applications to the agreement. Admission of new economies requires consensus amongst the existing members, and it is for those existing members to determine how to handle applications received. We note that the CPTPP parties have made no public comment on this matter. However, once the UK is a CPTPP Party, we will have the same right as other Parties in respect of future membership applications.

The UK was the first economy to apply to join CPTPP and is the only country in active negotiations. Since the first Accession Working Group in late September, we have made significant progress in technical discussions across every CPTPP chapter. Japan, the current Chair of CPTPP, have confirmed that the membership's current priority is still to handle the UK's accession.

The Government approaches our bilateral trade negotiations with CPTPP accession holistically, so that we ensure we get the best deal for the UK. As part of our bilateral FTA negotiations, Australia and New Zealand have committed to not seeking additional market access or faster tariff reduction through our accession to CPTPP. We will ensure that other aspects of bilateral negotiations, including with Mexico and Canada, are also coordinated in a way that benefits the UK.

Agriculture

- 9. We note that UK farmers could potentially experience negative cumulative impacts if accession to CPTPP requires the UK to provide additional market access for CPTPP countries, beyond what has been agreed through existing or future bilateral trade deals.**
- 10. To maintain a level playing field for UK farmers (and safeguard UK production standards), the Government should require agriculture and food imports either to meet minimum standards, including on environmental and climate protections, animal welfare, and the use of antibiotics and pesticides; or, as suggested by the fixed-term Trade and Agriculture Commission, make tariff liberalisation conditional on meeting those standards. We call on the Government to clarify its approach urgently. However, we note that seven CPTPP members already enjoy preferential access to the UK market through separate bilateral agreements or, in the case of Australia and New Zealand, are expected to gain this access soon.**

CPTPP is a high standards agreement. The Government is committed to maintaining our high environmental protections, animal welfare and food standards. Nothing in this deal will undermine our standards. All CPTPP members retain the right to regulate for their own

levels of domestic protection and the agreement itself contains commitments to protect the environment. Without exception, imports must and will continue to meet all the relevant UK rules and regulations. This pledge extends to products imported into the UK under existing or future free trade agreements, including CPTPP.

We already trade on a liberalised basis with seven of the eleven CPTPP members with whom we have existing FTAs. Australia and New Zealand, as part of agreement to our new FTAs with those countries, have committed not to seek further market access through CPTPP negotiations in addition to that agreed in bilateral FTAs, as noted above. These nine countries include all of the eight ratified CPTPP parties with whom we are formally negotiating our accession.

11. The Government should pursue opportunities to increase access to CPTPP markets and to expand exports of high-quality UK agricultural goods. In particular, it should use the CPTPP negotiations to improve the UK's access to the Japanese market in areas where tariff rate quotas were not rolled over from the EU-Japan Economic Partnership Agreement.

The Government agrees with the importance attached by the Committee to increasing market access for UK agri-food sector. Under the UK-Japan Comprehensive Economic Partnership Agreement (CEPA), for example, we have access to the preferential tariff rate for 10 priority TRQs. When the CEPA was signed, Japan provided a Ministerial side letter stating their support for the UK's quick accession to CPTPP and set out their intention to provide meaningful market access to the UK.

12. We heard from a number of witnesses that tariff liberalisations are helpful only if accompanied by Government export support. We therefore welcome the Government's announcement that it will seek to establish a Food and Drinks Export Council to support farmers, food and drinks businesses to maximise export opportunities from new and existing FTAs. We call on the Government to ensure that the Council is operational as soon as possible.

The Government agrees with the Committee. CPTPP membership will support British farmers in selling more high-quality produce across the Asia Pacific and the Americas, including fast growing economies, such as Vietnam.

In 2020, we exported £1.8 billion of food and drinks to CPTPP countries and joining, through the removal of tariffs and non-tariff barriers, will create new opportunities for our exporters to sell their brilliant products to some of the world's biggest markets in the Americas and Asia-Pacific, such as whisky.

For example, wine exports to CPTPP members grew by almost 50% between 2016 and 2020 whilst exports in gin increased by over 60%. CPTPP's bespoke wine and spirits annex could cut costs through the reduction of trade barriers.

The Food and Drink Export Council will boost the £20bn in agricultural exports already exported from the UK each year since 2016. The Council's specific initiatives will include appointing more helping to provide additional strategic direction to the dedicated agri-food attachés across growth markets including Asia-Pacific, engaging closely with devolved administrations and strengthening our farmers' and producers' understanding of export markets.

Rules of Origin/Vehicles

- 13. The Negotiating Objectives highlight the opportunities that the CPTPP's Rules of Origin may provide to UK manufacturers, and the automotive sector in particular. While UK-based producers supplying parts to assembly plants located in CPTPP member states will benefit, manufacturers and exporters of UK-assembled vehicles in the UK are unlikely to do so. In fact, the Rules of Origin may confer a competitive advantage onto vehicle manufacturers in other CPTPP countries which are linked by established regional supply chains.**

- 14. We call on the Government to seek carve-outs or side letters with strategic CPTPP trading partners, such as Japan, to allow for more generous local content thresholds to apply to UK-assembled vehicles.**

British carmakers will have more freedom to source car parts and materials internationally and still qualify for preferential tariffs. The UK already has bilateral FTAs with some CPTPP trading partners (such as Japan) and so UK businesses will have the choice to trade under either the bilateral agreement, or CPTPP, whichever is more favourable to them.

The Rules of Origin in CPTPP allow inputs from any member country within CPTPP to count as 'originating'. This could give British exporters an extra route to meet the rules of origin to access reduced tariffs in some sectors and encourage the future development of supply chains across CPTPP members.

In terms of Recommendation 14, we refer to the reply given to Recommendations 1-3 above. We will only accede to CPTPP on terms which are beneficial to the UK.

Services

- 15. We generally received positive responses from services companies and their trade organisations about joining the CPTPP, with benefits to be realised from formalised dialogue and cooperation.**

- 16. The Government should pursue the opportunities for the UK financial, legal, and related professional services by using the mechanisms available through CPTPP to establish regulatory dialogue and to shape future rules in the region.**

We welcome the Committee's finding. We have been pleased to see a wide range of services-based companies support and encourage the UK's membership of CPTPP.

UK service suppliers, who exported £25.1bn worth of services to CPTPP countries in 2020, will benefit from modern rules which ensure non-discriminatory treatment and increase security, protection and transparency. In key sectors, CPTPP targets restrictions on commercial presence and provides guarantees on the rights of firms to provide services on a cross-border basis.

For example, there will be new guarantees that UK lawyers can advise clients in Mexico and Malaysia, including on a fly-in-fly-out basis, with clearer visa requirements and application processes. CPTPP goes beyond the UK's existing commitments with Mexico for accountants and auditors. UK suppliers can no longer be required to have a majority of their capital invested from domestic sources, and UK suppliers will also be able to trade under the name of their UK partners.

We agree with the Committee's Recommendation 16. CPTPP's professional services annex encourages mutual recognition of professional qualifications which could increase business opportunities in sectors such as legal services and engineering.

A reduction in barriers to investment will create new opportunities for UK investors in the region and protect £107bn worth of existing UK investment in CPTPP member markets in 2019. CPTPP's dedicated financial services chapter also has provisions which open up financial services markets between members while ensuring CPTPP members can regulate their own markets appropriately.

Digitally delivered services from the UK to CPTPP were worth £18.7 billion in 2019. CPTPP sets modern rules for digital trade across all sectors of the economy, supporting UK businesses seeking new opportunities in member markets.

IP

17. We heard that the intellectual property and audio-visual services sectors are unlikely to benefit from CPTPP accession due to IP provisions falling short in ambition. (Paragraph 76)

18. We find that two CPTPP provisions on intellectual property are particularly problematic, raising the possibility of significant economic damage to the UK's patent industry, and higher prices paid by the NHS for generic medicines and biosimilars. (Paragraph 102)

19. While the Negotiating Objectives make clear that the Government will ensure that the terms of UK accession are consistent with the UK's IP interests, and the price the NHS pays for medicines are not on the table, we have not yet been given an indication of how this could be achieved. The Government should make clear what carve-outs it will be seeking as part of the negotiations. (Paragraph 103)

20. In particular, we call on the Government to explain how it will seek to address the conflict between the UK's obligations under the European Patent Convention and Article 18.38, or what steps it plans to take to mitigate any adverse impacts. (Paragraph 104)

21. Similarly, we call on the Government to explain how it will avoid or mitigate the risk of additional costs to the NHS resulting from the pre-notification requirement contained in Article 18.53.

The AV sector is a complex ecosystem supported by a suite of public policy interventions that are integral to the sector's success. We are committed to safeguarding and strengthening the UK's position as a broadcasting hub, which provides benefits to both the UK and its trading partners. We will continue to support this vitally important cultural and

commercial sector in the UK's independent trade policy and negotiations with our priority trading partners, including in our CPTPP accession negotiations.

With regards to IP, the key benefit of CPTPP's intellectual property chapter is that it sets consistent and coherent IP standards across the region, and the commitments in the chapter represent a baseline that all parties must adhere to. As such, signing up to CPTPP does not prevent us seeking more ambitious provisions with parties on a bilateral basis.

Consideration of any impact on the NHS has formed a core part of the UK's approach to negotiations. The terms the UK signs up to will uphold our manifesto commitment that the NHS, its services, and the price it pays for medicines are not on the table. The NHS is not, and never will be, for sale to the private sector, whether overseas or domestic. Protecting the interests of public services, including the NHS, is of the utmost importance to the Government. We will ensure decisions on how to run public services are made by UK Governments, including the devolved administrations, and not our trade partners.

We have heard very clear feedback from stakeholders that the UK's alignment with the European Patent Convention (EPC) is vital to both applicants and the patent attorney profession. We also believe that there are clear benefits for CPTPP members in securing a trade agreement with the UK which allows continued access to patent protection in the UK and 37 other EPC members via the European Patent Organisation (EPO). Our accession negotiations will be consistent with both our national interest and wider Government priorities, which include our continued alignment with the EPC and other international IP treaties.

The Government is also aware of the concerns in relation to Article 18.53. We refer to the reply given to Recommendations 1-3 above. However, to be clear, we will not accede to CPTPP on terms which make medicines more expensive or less accessible. We thank groups including the British Generic Manufacturers Association for their feedback on this issue.

Food Standards

- 19. We welcome the commitment by the Government to uphold the UK's food standards but note that the Government has not provided further detail as to how it would avoid compromising those standards in the future, and how it would address the contradictions between the UK's precautionary approach and CPTPP's science-based approach. We call on the Government to articulate how it will seek to manage these divergent regulatory approaches.**
- 20. The Government should also set out the implications for existing agrifood supply chains that are integrated with EU member states and could, over time, experience disruption through diverging standards.**

We will ensure that accession negotiations with CPTPP members support UK objectives on upholding high levels of public, animal, and plant health, including food safety. We will not sign trade deals that compromise our high environmental protections, animal welfare and food standards

CPTPP provisions retain the rights of members to regulate for their own appropriate levels of protection, which includes their right to impose restrictions on unsafe goods in order to

protect human, animal, and plant life and health. This includes provisionally adopting SPS measures where relevant scientific evidence is insufficient, in accordance with the WTO SPS Agreement and the relevant provisions of CPTPP. In terms of our negotiating position, we refer to the reply given to Recommendations 1-3 above. We will only accede to CPTPP on terms which are beneficial to the UK.

21. In this context, we welcome the establishment of a Trade and Agriculture Commission to scrutinise the UK's new free trade agreements, including the CPTPP, and assess whether they are consistent with the maintenance of UK levels of statutory protection in relation to animal and plant health, animal welfare, and the environment. We call on the Government to ensure the relevant provisions in the Trade Act 2021 are commenced as soon as possible so that the Trade and Agriculture Commission can be placed on a statutory footing.

On 21 October, DIT announced the Chair, and membership, of the new, independent Trade and Agriculture Commission (TAC). This means that the TAC is established in time to scrutinise new FTAs, including CPTPP accession, when agreements have been signed.

The establishment of the interim body on a non-statutory basis will not undermine or change the role of the body.

The Trade and Agriculture Commission's role will remain as set out in the Trade Act 2021. Its advice will inform the Government's own report as set out in section 42 of the Agriculture Act 2020, as amended by the Trade Act 2021.

22. As many food safety and animal health issues fall within devolved competence, we also urge the Government to ensure that the devolved administrations and legislatures are adequately consulted and their various views represented throughout the accession negotiations. It would not be acceptable for the UK Government to reach an international agreement which could not be implemented in all parts of the UK.

The Government negotiates free trade agreements on behalf of, and for the benefit of, the whole of the UK. Food and animal health issues relating to our accession to CPTPP are an important aspect of that the Government is working closely with the Devolved Administrations (DAs) to ensure they are fully able to implement the agreement.

DAs have been engaged at every stage of our accession negotiations thus far, with all Government departments working closely with DA counterparts on trade policy. We will continue this close working relationship for the remainder of the accession process.

E-Commerce

23. We welcome the Government's commitment to high standards of data

protection in the Negotiating Objectives, but call on the Government to provide its assessment and analysis of the implications of Articles 14.8 and 14.11 of the CPTPP agreement for the UK's personal data protection regime and the EU's data adequacy decision.

Article 14.8 of CPTPP ensures that Parties adopt or maintain a legal framework that provides for the protection of the personal data of the users of electronic commerce. Article 14.11 requires the Parties to allow for the cross-border transfer of data by electronic means, including personal data, when this activity is for the conduct of the business of a covered person.

In compliance with these commitments, the UK's personal data protection framework is set out in the UK GDPR and the Data Protection Act 2018. Under UK GDPR (Chapter V) the UK operates a data protection regime that allows personal data to flow across borders with appropriate conditions and safeguards to protect that data, ensuring that the UK's high standards of protection are maintained.

The European Commission reviewed the UK's international data transfers legislation and framework as part of its comprehensive assessment of the UK's legislation and regulatory framework for personal data. The EU rightly assessed that the UK provides an adequate level of data protection to allow for free flow of personal data from the EU/EEA to the UK. We do not expect Article 14.8 or Article 14.11 to impact the EU's data adequacy decision and the UK will continue to ensure that individuals' data protection rights are fully protected and upheld when their data is transferred overseas from the UK.

24. Article 14.11, which bans the forced disclosure of source code of software, only has narrow public policy exceptions. This means that regulatory bodies may not be able to access source code for legitimate public interest reasons, such as fraud and security, and accountability of automated decision-making may be limited. We call on the Government to set out its assessment of Article 14.11 and state whether it will be seeking to negotiate an exception.

The UK supports the inclusion of provisions for the protection of source code in FTAs to promote business confidence, investment, and innovation. These provisions create open, secure, and innovative environments for coding and software development. Equally, the UK acknowledges that governments must be able to scrutinise how technology works in order to protect citizens and deliver on legitimate public policy objectives. As such, where trade agreements include source code provisions, they must give sufficient flexibility for governments to carry out this scrutiny, including to enable competent authorities to conduct investigations to protect key UK policy objectives, such as combatting fraud and protecting national security. We will ensure that our accession to CPTPP does not undermine our strong regulatory system regarding source code. A range of Government departments and bodies are engaged in this issue.

Suspended provisions

25. We call on the Government to provide its assessment of the suspended intellectual property provisions of CPTPP limiting the liability of internet service providers for copyright infringement, and the likelihood of their re-introduction.

There are 22 provisions that were originally in TPP but were removed from CPTPP. These have no legal application nor any effect on CPTPP member countries.

The UK will not be signing up to these provisions as part of its accession. After we join, we (as with all Parties) would need to provide our consent to include these provisions in the text. In terms of the likelihood of these provisions' re-introduction, we note that they were specifically removed from the text by the unanimous decision of all of the CPTPP parties and that the parties have said nothing publicly which indicates that they would wish to reintroduce them.

ISDS

26. We call on the Government to set out its negotiating position and clarify its intention regarding investor-state dispute settlement (ISDS), including its position on other mechanisms for investment protection.

To put the issue in context, investment protection provisions protect investors and their investments against discrimination, unfair treatment and expropriation of their assets without due process or compensation. ISDS provides a mechanism for resolving disputes where this has taken place. These provisions exist to protect British businesses and investments abroad, including SMEs. UK investments in CPTPP countries are worth over £100bn. ISDS will protect them. The UK has ISDS arrangements with 90 treaty partners in place already and has never been taken to an ISDS tribunal. The UK has a robust domestic regime and good rule of law and regulates in a manner sensitive to the concerns of business, regulating fairly, proportionately, transparently, and in the public interest. These provisions are common in international investment agreements. There are around 3,000 such treaties worldwide. ISDS does not, and cannot, force the privatisation of public services.

In terms of our negotiating position, we refer to the reply given to Recommendations 1-3 above. We will only accede to CPTPP on terms which are beneficial to the UK.

Environment/Climate Change

27. We regret that the Government has not provided detailed objectives on climate and the environment. We call on the Government to strengthen its objectives, specifically in the light of any agreements resulting from COP26.

28. The Government should also explain how it plans to ensure that the UK's right to regulate in support of domestic green industries is maintained.

29. We call on the Government to set out its plans for ensuring that CPTPP membership does not incentivise greenhouse gas-intensive agricultural practices in other CPTPP countries, which could, in turn, undermine the UK's environmental production standards.

30. We reiterate our recommendation that the Government should ensure that agriculture and food imports meet minimum environmental

standards; or, as set out by the Trade and Agriculture Commission, make tariff liberalisation conditional on meeting those standards.

CPTPP retains the rights of members to regulate for their own levels of environmental protection and contains commitments to protect the environment. Nothing in CPTPP prevents countries from taking forward COP26 outcomes. Indeed, many CPTPP members share the UK's ambition on the environment and have also set ambitious targets to tackle climate change. For example, both Japan and New Zealand have set similar targets as the UK to reach net zero by 2050.

CPTPP includes a very high-standard environment chapter that covers a number of issues, including invasive alien species, marine capture fisheries, biodiversity and conservation. CPTPP also affirms commitments to implementing Multilateral Environmental Agreements to which we are party. CPTPP also recognises Parties' sovereign right to regulate for its own levels of domestic environmental protection. Therefore, the UK can continue to pursue its domestic agenda for tackling climate change and achieving net zero. It is a government priority that the UK be able to pursue its domestic agenda for tackling climate change.

In response to the Trade and Agriculture Commission's report, the Government was clear that we are firmly committed to upholding the UK's high environmental protection standards. We also reinforced that we will continue to advocate for a trading system which is free and fair, where certain goods and services are liberalised to support environmental objectives and where market failures and distortions are addressed to reduce environmentally harmful activities.

Devolved Administrations

- 31. The Scottish Government noted that while the CPTPP agreement and other modern FTAs directly affect many devolved policy areas, the devolved administrations do not see UK negotiating mandates early enough. Furthermore, the UK Government declined to consult the Scottish Government in detail regarding the agricultural market access offers to CPTPP countries and the associated environmental, labour and animal welfare standards for imports.**
- 32. The Welsh Government emphasised the importance of the UK Government taking into account sensitivities of the devolved nations, calling on the UK Government to provide it with an understanding of the red lines before negotiations begin. It added "For example, one of our key defensive interests relates to tariff liberalisation for sensitive agricultural goods and meaningful discussions are required in this area to ensure that our interests are protected, particularly given the number of CPTPP members."**
- 33. The Welsh and Scottish Governments agreed that a more comprehensive and detailed impact assessment of prospective FTAs should be conducted and published at an earlier stage. The Welsh Government stated that "the scoping assessment presents only the high-level impacts for Wales, and fails to provide sector specific estimates at the Wales level".**
- 34. The Scottish Government also requested detailed disaggregated data on the impacts on different groups in Scotland, including exporters, producers, workers, consumers and public service users.**

- 35. The Northern Ireland Government raised concerns regarding the cumulative impacts of future FTAs (including with Australia and New Zealand) on the UK agriculture and food sectors, and recommended that an impact assessment of the cumulative effects should be prepared, to act as the baseline for assessing the impact of CPTPP accession.**
- 36. The submission from Northern Ireland also made the point that all future FTAs create uncertainty about the extent to which benefits can be realised for Northern Ireland in the context of the Protocol on Ireland/Northern Ireland. In particular, it remains unclear whether importers and consumers will be able to access the full range of goods covered by the FTAs.**
- 37. While we accept that the negotiation of trade agreements is a reserved competence, they will have a significant impact not just on devolved policy areas, but also on devolved economies more generally (even in reserved areas) and interests. We call on the Government to ensure that consultation with the devolved administrations and legislatures is transparent, detailed and timely, and that their views are represented throughout the negotiations.**
- 38. We call on the Government to publish a comprehensive impact assessment for each of the devolved nations prior to CPTPP accession covering all areas of devolved interest, irrespective of whether they relate to a devolved competence or not.**
- 39. For future FTA negotiations, the Government should ensure that scoping assessments provide a detailed picture of the potential impact of an agreement on the devolved nations.**
- 40. While the Negotiating Objectives state that the CPTPP agreement “will apply to all four constituent nations of the UK, taking into account the effects of the Protocol on Ireland/Northern Ireland” it remains unclear how the agreement will be impacted by the Protocol, and how this may affect trade between Northern Ireland and CPTPP members. It is essential that the Government provides this information. We also urge the Government routinely to include in any future FTA Negotiating Objectives their assessment of the interaction between the Protocol and prospective agreements**

International trade is a reserved matter, but we recognize that modern trade agreements increasingly intersect with areas of devolved competence and implementation in these areas is also a matter for the devolved administrations.

While the UK Government is ultimately responsible for negotiating international trade agreements on behalf of all the nations and regions in the UK, we understand that the DAs have a significant interest in international trade policy. DIT and other government departments work closely with the DAs to deliver policy that reflects the interests of all the nations within the UK.

We have always been clear in our commitment to ensuring new deals work for the whole UK and we undertake many steps to ensure that this is the case. These include but are not limited to: nation representation on our Strategic Trade Advisory Group and Trade Advisory Groups, new dedicated DIT teams in each of the nations and, of course, our extensive engagement with the Devolved Administrations themselves.

In terms of engaging the DAs, DIT has created engagement structures at all levels to ensure a constructive approach. These include the quarterly Ministerial Forum for Trade, regular

bilateral ministerial meetings, the six-weekly Senior Officials Group, Chief Negotiator calls running parallel to negotiation rounds, six-weekly chapter-specific policy roundtables and weekly working level engagement. Our program of engagement totals hundreds of hours at official level and dozens at Ministerial level.

DIT's collaborative approach to inter-governmental working and strong relationships with the DAs has played an important part in developing an approach to international trade that represents the whole of the UK.

Accordingly, DIT has engaged the Devolved Administrations at each stage of the CPTPP accession process so far, from the technical policy level to at a Chief Negotiator and Ministerial level. Since the start of CPTPP, DAs have had the opportunity to:

- Comment on the devolved sections of the negotiation positions prior to finalisation and agreement of this document.
- Comment on the Outline Approach, Consultation Response and Scoping Assessment, prior to the finalisation and publication of this document.
- Provide views regularly to the Chief Negotiator, including alongside the formation of negotiation positions and during the compilation of compliance negotiations.
- Discuss CPTPP at the Ministerial Forum for Trade in July.
- Discuss detailed negotiating objectives with technical policy leads at policy roundtables every 6 weeks.
- Received read outs and briefings of the September Accession Working Group.
- Comment on written questions submitted by CPTPP Parties in certain devolved areas, and their responses by UKG, as part of the compliance negotiations.

DIT will also continue to hold regular update sessions with senior officials from the CPTPP negotiating team, discuss finer policy details at 6-weekly roundtables, and share written materials that are being used to progress negotiations in devolved areas.

DIT shares negotiation positions for FTAs with DAs at the earliest possible opportunity, without exception. These are complex documents, which require input from many other government departments, and are often finalised shortly before negotiations begin. The department strives to strike the right balance between providing time for DAs to provide feedback and progressing negotiations at pace, but we will continue working closely with DAs to understand how we can improve this process.

Negotiation of goods market access is a reserved matter, which means that current DIT protocol restricts information sharing around the compilation of these sections of the mandate and progress of these negotiations. We do however provide DAs with regular verbal updates on every aspect of policy and across all chapters, including goods market access. This extends to comprehensive updates from Chief Negotiators, through which we also give DAs sight of the final schedules once agreed.

The Government has committed to publishing scoping assessments before the outset of negotiations, alongside an outline approach and consultation response. These scoping assessments are only able to provide high-level indications of the scale of the potential impact because negotiations have yet to begin and the final terms of any agreement are not known. Once an FTA is signed, DIT will produce a detailed final impact assessment, containing granular estimates of the impact of the agreement.

Further development of regional impacts requires improved data, including intra-regional UK trade and development of an appropriate methodology, which will take time. We will be exploring appropriate methodological developments following the recommendations from the upcoming modelling review.

Parliamentary Scrutiny

- 41. During the CPTPP negotiations, the Government should provide regular updates to Parliament and the Committee (and the Commons' International Trade Committee). In bilateral trade negotiations, these updates would normally be provided at the conclusion of each negotiating round. We understand that there will not be clear negotiating rounds in CPTPP negotiations, but updates should nevertheless be provided at regular intervals. We welcome the commitment by DIT that Accession Working Group 'read-outs' will be provided every three months.**
- 42. We call on the Government to provide more information in its updates to the Committee on the detail of the negotiations, and any obstacles encountered. We acknowledge there will be areas of negotiations that are sensitive and confidential, but the principle of scrutiny by Parliament is important and should be fully recognised, and we are open to discussing arrangements that may help facilitate the sharing of confidential information.**

DIT is committed to drawing on the expertise of both Houses and will continue to provide Parliament with regular updates, and engage with Parliamentary Committees, to ensure Parliament is appropriately involved with negotiations.

As part of the department's transparency and scrutiny commitments, we have provided written updates after major milestones such as the launch of negotiations and September Accession Working Group. We will continue to provide regular updates, in a fashion which aligns with the rhythm of negotiations.

The Government notes the Committee's comments regarding the sharing of information and will constructively engage with the Committee to address its wider concerns on this issue. However, as the Committee acknowledges, there are many sensitive areas in live negotiations and some information will not be able to be shared. This is necessary in order to ensure the UK's negotiating position is not undermined.

In order to aid the sharing of information with the Committee we have already held a number of Ministerial and Chief Negotiator briefings with Committees, including on a private basis, to ensure parliamentarians' views are heard. Contents of negotiations are often highly sensitive, meaning we are unable to discuss the precise approach to certain issues in public. In these scenarios, private briefings for Committees are the most suitable mechanism to keep Parliament informed.

In terms of our negotiating position, we refer to the reply given to Recommendations 1-3 above. We will only accede to CPTPP on terms which are beneficial to the UK.

- 43. In line with commitments made in respect of the Australia and the New Zealand FTAs, at the conclusion of negotiations, the International Agreements Committee (and the Commons' International Trade Committee) should be given access to the text of the signed agreement, including all market access schedules agreed with each CPTPP member, at least three months before the agreement is formally laid under CRAG.**

Similar to the Australia and New Zealand agreements, the text of the treaty setting out the terms of the UK's accession to CPTPP will be published once it is established as authentic and definitive, it will be accompanied by an independently scrutinised impact assessment and explanatory memorandum.

DIT will endeavour to confidentially share these with the relevant committees shortly before publication, where time allows. After this point there will be ample time for scrutiny of the finalised agreements, including by the committees and the independent Trade and Agriculture Commission. The Government continues to anticipate there being a period of at least three months between the publication of the agreement and it being laid in Parliament for the purposes of the Constitutional Reform and Governance (CRaG) Act 2010.