

Client Alert

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UK applies to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

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The UK announced on 30 January 2021 that the UK International Trade Secretary Liz Truss would make a request to Japan's Minister in Charge of Economic Revitalization Yasutoshi Nishimura to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) on 1 February, one year after leaving the EU. Following this, on 1 February, the UK submitted a formal request in writing to the New Zealand government, a Depository of the CPTPP.

The original Trans-Pacific Partnership (TPP) was agreed in principle in October 2015, attracting significant attention as a model of future FTAs. In January 2017 the newly elected Trump administration announced its withdrawal from the TPP, leaving the remaining 11 countries to agree the revised CPTPP in October 2018, without the involvement of the US. The CPTPP came into force in December 2018. The UK will become the first country outside of the original 11 signatory parties to join the agreement and it is expected that more countries will follow in the future.

Under the agreement, following the UK's formal submission, the commission composed of member countries will establish a working group to negotiate the terms and conditions for the UK's accession (Art. 30.4.3(a)). With the UK having already agreed to the Japan-UK Comprehensive Economic Partnership Agreement, and currently negotiating FTAs with both Australia and New Zealand, negotiations around electronic commerce are anticipated to be straightforward, while tariff and service-sector negotiations could take more time.

It is important for companies with trade relations with the UK to consider whether they would use either the Japan-UK EPA or the new CPTPP agreement, based on the outcome of the UK's accession negotiation, in particular in areas of tariffs and rules of origin.

The UK's participation would broaden the geographical reach of the CPTPP and significantly increase the combined GDP of the bloc. Such development hints at the further potential of regional agreements, including the expansion of the CPTPP to surrounding countries.