UK Accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Briefing for MPs

June 2021

**There will be a General Debate on UK accession to the CPTPP on Thursday 24 June AM**

**Suggested invitations are highlighted in red.**

**Top lines**

* **The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a trading bloc encompassing 11 countries in the Pacific region. Members include Japan, Canada, Australia, Malaysia and Singapore.**
* **The UK formally applied to join the deal at the end of January 2021, and on 22 June published its** [**negotiation objectives and scoping assessment**](https://www.gov.uk/government/publications/uk-approach-to-joining-the-comprehensive-and-progressive-agreement-for-trans-pacific-partnership-cptpp)**.**
* **Joining CPTPP is seen as part of a wider ‘Indo-Pacific tilt’ in UK foreign policy. However the economic benefits are negligible on the Government’s own measures: adding a mere £1.8 billion, or 0.08%, to UK GDP “in the long run”.**
* **MPs have a limited role in scrutinising the deal, and will not have the opportunity to vote on UK accession.**
* **Joining CPTPP could lead to a lowering of environmental standards. Malaysia has encouraged the UK to lift a proposed ban on palm oil as a prerequisite for joining.**
* **CPTPP includes Investor-State Dispute Settlement (ISDS) mechanisms, which allow firms to sue governments for measures which harm their profits. In the past, ISDS has been used to challenge important environmental, health and social regulations, including bans on fracking, plain packaged cigarettes and water pollution controls.**
* **The Biden administration in the US has implied that it will not join CPTPP, due to concerns about how modern trade agreements can block progressive policies and limit the ability of governments to respond to challenges like Covid-19.[[1]](#footnote-1)**

**Background**

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a trading bloc encompassing 11 countries (including 7 full signatories) in the Pacific region. Members include Japan, Canada, Australia, Malaysia and Singapore.

While increased collaboration with partners and allies in the Asia-Pacific region is welcome, trade deals are not the only forum to do so and the CPTPP shares similar defects to other modern trade agreements, including the failed Transatlantic Trade and Investment Partnership (TTIP) between the EU and US.

Although the US is no longer a signatory to CPTPP, the deal was originally designed and negotiated with the Obama administration, and its design is similar to TTIP. Like TTIP, CPTPP encourages liberalisation of markets, deregulation, and reduces the ability of national governments to intervene in the economy and regulate in the public interest.

The UK Government’s own estimates predict a 'long run' (15 year) UK GDP benefit of just £1.8 billion, or 0.08%. To put this in context, the HS2 rail project costs £108 billion. The estimates predict UK trade with CPTPP members will increase by around 3% as a result of UK accession, whereas UK trade with non-CPTPP countries is expected to decrease by 0.26%. Given that CPTPP members make up only 8% of UK trade, this means the benefits of accession are very finely balanced.

**1) Process and scrutiny**

The Government originally stated that “before applying” to join the CPTPP, it would “publish an Outline Approach and a Scoping Assessment setting out our negotiating objectives and the economic impact and benefits of accession.”[[2]](#footnote-2) The UK applied to join the CPTPP at the end of January 2021, but the outline approach and scoping assessment were not published until 22 June 2021.

MPs have thus far not had a formal opportunity to debate the risks and benefits of joining CPTPP. The UK’s process for negotiating international agreements allows the government to initiate, negotiate and conclude deals without any scrutiny or consent from Parliament. MPs have no guaranteed votes on objectives or on the final deal.[[3]](#footnote-3)

Although verbal reassurances, made from the despatch box during the Trade Bill, give committees the power to recommend deals for debate, this is not guaranteed in law.[[4]](#footnote-4) This is a serious democratic deficit which risks bad deals being agreed without broad support.

The Government’s scoping assessment lacks detail on the social and environmental implications of joining the CPTPP. This is concerning, especially as the UK hopes to be a world leader in the fight against climate change. This is discussed further in the next section.

*Suggested interventions:*

* Can the minister assure the House that MPs will have a full debate and meaningful vote on the UK’s accession to CPTPP?
* What opportunity will the Government provide to businesses and civil society organisations to respond to the impact assessment and feed in evidence
* What assessment has the minister made of the failed TTIP deal, on which CPTPP is based, and the lessons that can be learned from TTIP in terms of public involvement in trade deals?

**2) The environment, climate and standards**

The UK hopes to be a world leader in the fight against climate change. The Prime Minister pledged that this government would make Britain the “cleanest, greenest country on Earth”,[[5]](#footnote-5) and has announced investment in green technologies, regulations towards decarbonisation and the maintenance of high environmental standards after Brexit.[[6]](#footnote-6) The government has committed to net-zero greenhouse gas emissions by 2050, and hopes to strike an ambitious multilateral agreement as it hosts COP26 in Glasgow, and the G7, this year.

However, there is a mismatch between these stated ambitions on climate and the UK’s trade policy. The Department for International Trade is given free rein to negotiate trade deals with no requirements for deals to include environmental provisions, or restrictions on how deals affect standards. The Government opposed amendments to the Trade Bill which would have maintained high standards.[[7]](#footnote-7)

The CPTPP risks encouraging a race to the bottom on standards, which severely hampers environmental regulation. This can happen through multiple avenues:

1. Negotiations may put pressure on the UK to reduce its product standards or allow imports of goods made using practices banned in the UK. For example, palm oil extraction leads to deforestation and therefore an increase in greenhouse gasses. There is evidence that Malaysia, a CPTPP member, is actively seeking to reverse this ban as a prerequisite for UK accession.[[8]](#footnote-8)
2. CPTPP contains a TTIP-style regulatory cooperation chapter, which allows for dialogue between countries to reduce regulatory barriers to trade.[[9]](#footnote-9) Since this cooperation is geared towards increasing trade rather than tackling issues like climate change, there is a risk that it leads to a reduction in standards rather than a shared raising of standards. Furthermore, these forums lack transparency and scrutiny mechanisms so that civil society can be involved.
3. CPTPP includes an Investor-State Dispute Settlement (ISDS) mechanism, described in more detail in the next section. This can have particularly worrying implications for environmental regulations and the fight against climate change.
4. CPTPP membership could lead to a rise in the amount of pesticides in food imports, with health risks for UK consumers. For instance, grapes from New Zealand, Chile and Peru are allowed to contain 1,000 times the amount of Iprodione than their UK equivalent. For Australian grapes the safety limit for Iprodione is 6,000 times the UK limit. Iprodione is a carcinogen and suspected endocrine disruptor. The UK currently takes a far more precautionary approach - there are 119 pesticides allowed for use in one or more CPTPP members that have been banned in the UK.

*Suggested interventions:*

* Can the minister assure the House that the UK will enforce a proposed ban on palm oil, which has a drastic effect on deforestation, biodiversity and climate change, despite reported efforts from Malaysia to stop the ban as a prerequisite to the UK joining CPTPP?
* What assessment has s/he made of the compatibility of CPTPP with the UK’s climate ambitions, including the net-zero target?
* Will the minister publish a full environmental impact assessment, before negotiations continue?
* What assessment has she made of the Regulatory Cooperation chapter within CPTPP, and its lack of environmental and civil society engagement?
* What assessment has the minister made of the divergent standards on pesticides in CPTPP members states compared to the UK, and can she assure the House that there will be no import of foods with pesticide limits that exceed UK practices?

**3) Investor-State Dispute Settlement (ISDS)**

Investor-State Dispute Settlement (ISDS) is a key provision within CPTPP. ISDS allows firms to sue governments for measures which harm their profits. This can have disastrous effects on the environment and a ‘chilling’ effect on regulation designed to combat climate change.

ISDS has been used to challenge important environmental regulations, including: water pollution controls in Germany, a ban on fracking in Canada, and various regulations on mining in East Asia and South America.[[10]](#footnote-10) There is a risk that ISDS is used to challenge new regulations which are essential for fighting climate change.

There is also evidence of ISDS being used to challenge health provision, labour rights and other important regulations. ISDS was used in Egypt to challenge an increase in the minimum wage, Philip Morris sued Australia for attempting to introduce plain-packaged cigarettes, and Slovakia was sued for attempting to nationalise part of the health service.[[11]](#footnote-11)

There are particular concerns about the interaction between ISDS and the Covid-19 pandemic, though the exact effects of this are yet to be seen. Government lockdown and social distancing policies have understandably had an impact on private sector profits, though not without good reason - the aim being very much to protect public health and long run economic stability. However, it is possible that these measures lead to a raft of ISDS cases, which could put pressure on public finances while also encouraging the government to relax measures prematurely.[[12]](#footnote-12)

The UK did not include ISDS in its recent trade agreements with Australia and Japan, nor is it expected to be included in the UK-New Zealand FTA. However, the Government would have to seek explicit side-letters in CPTPP to be exempt, and they have not committed to this. This is the option pursued by New Zealand, which signed side-letters with five CPTPP members to exclude compulsory ISDS.[[13]](#footnote-13)

The UK should make ISDS a red line for accession in its published negotiating objectives. This would not only demonstrate the government’s seriousness about tackling climate change, but also guard against the other social and regulatory risks posed by ISDS.

*Suggested interventions:*

* The UK’s exclusion of ISDS in the recent UK-Australia agreement is very welcome. Will the minister confirm that the UK will not pursue involvement in the ISDS part of CTPP?
* What assessment has the minister made of the impact of ISDS within CPTPP on the UK’s climate ambitions, including the aim of net-zero carbon emissions by 2050?
* Will the minister commit to following in the steps of New Zealand, which has successfully negotiated side-letter exemptions from ISDS with a number of the CPTPP member states?

**For more information, please visit the Trade Justice Movement** [**website**](https://www.tjm.org.uk/)**, or contact:**

David Lawrence, Senior Political Adviser | [david@tjm.org.uk](mailto:david@tjm.org.uk) | 07769 665187

1. The Hill, [Will new NAFTA block Biden's progressive regulatory policies?](https://thehill.com/opinion/international/544044-will-new-nafta-block-bidens-progressive-regulatory-policies), 19 March 2021 [↑](#footnote-ref-1)
2. Department for International Trade, [An update on the UK’s position on accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892675/UK_position_on_joining_CPTPP.pdf), June 2020 [↑](#footnote-ref-2)
3. Trade Justice Movement, [Securing democracy in UK trade policy](https://www.tjm.org.uk/resources/briefings/securing-democracy-in-uk-trade-policy), November 2017 [↑](#footnote-ref-3)
4. Hansard, [Trade Bill ping pong (Lords)](https://hansard.parliament.uk/lords/2021-02-23/debates/8F92FB28-D51A-4996-8471-7CCAB472F224/TradeBill), 23 February 2021 [↑](#footnote-ref-4)
5. Energy Live News, [Boris Johnson pledges to make Britain ‘cleanest, greenest country on Earth’](https://www.energylivenews.com/2019/12/13/boris-johnson-pledges-to-make-britain-cleanest-greenest-country-on-earth/), 13 December 2019 [↑](#footnote-ref-5)
6. Department for Business Energy and Industrial Strategy, [£84 million boost for technology to power a green aviation revolution](https://www.gov.uk/government/news/84-million-boost-for-technology-to-power-a-green-aviation-revolution), 17 January 2021 [↑](#footnote-ref-6)
7. Guardian, [UK ministers gain power to allow lower-standard food imports](https://www.theguardian.com/environment/2021/jan/19/uk-ministers-gain-power-to-allow-lower-standard-food-imports), 19 January 2021 [↑](#footnote-ref-7)
8. Financial Times, [Malaysia levels palm oil demands over post-Brexit trade deal](https://www.ft.com/content/fd1b1a96-c29c-11e9-a8e9-296ca66511c9), 19 August 2019 [↑](#footnote-ref-8)
9. Trade Justice Movement, [Dynamic Alignment and Regulatory Cooperation between the UK and the EU after Brexit](https://www.tjm.org.uk/resources/briefings/dynamic-alignment-and-regulatory-cooperation-between-the-uk-and-the-eu-after-brexit), September 2019 [↑](#footnote-ref-9)
10. Trade Justice Movement, [Shaping future UK trade policy: Investment Protection Provisions](https://www.tjm.org.uk/resources/briefings/shaping-future-uk-trade-policy-investment-protection-provisions), September 2020 [↑](#footnote-ref-10)
11. All examples detailed in Trade Justice Movement, [Shaping future UK trade policy: Investment Protection Provisions](https://www.tjm.org.uk/resources/briefings/shaping-future-uk-trade-policy-investment-protection-provisions), September 2020 [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. Herbert Smith Freehills, [New Zealand signs side letters with five CPTPP members to exclude compulsory investor state dispute settlement](https://hsfnotes.com/arbitration/2018/05/09/new-zealand-signs-side-letters-with-five-cptpp-members-to-exclude-compulsory-investor-state-dispute-settlement/), 9 May 2018 [↑](#footnote-ref-13)