

Draft Explanatory Memorandum on the accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Title: The accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

1. Introduction

- 1.1. This draft explanatory memorandum has been prepared by the Department for Business and Trade. Separately, an independently scrutinised impact assessment of the Treaty has also been presented to Parliament today.
- 1.2. This draft explanatory memorandum has not been prepared for the purpose of fulfilling the statutory obligations under Part 2 of the Constitutional Reform and Governance Act 2010 (CRaG); an explanatory memorandum will be provided subsequently for that purpose. The procedure under Part 2 of the CRaG will not be commenced until the obligations set out in the Agriculture Act 2020 and the Trade Act 2021 have been fulfilled.

2. Subject matter and purpose of the CPTPP

- 2.1. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.
- 2.2. The Treaty established a free trade area between the Parties consistent with Article XXIV of the General Agreement on Tariffs and Trade 1994 (GATT) and Article V of General Agreement on Trade in Services (GATS) in 2018.
- 2.3. The Treaty covers both trade in goods and services. These include, for example, preferential tariff and quota arrangements, provisions on rules of origin, customs, sanitary and phytosanitary measures and technical barriers to trade, financial services, mobility, and telecoms. CPTPP also covers rules on international investments, government procurement, intellectual property, the environment, small and medium-sized enterprises, and development.
- 2.4. The government committed to acceding to CPTPP as part of the 2021 Integrated Review, which underlined the importance of the Indo-

Pacific area for the UK economy, security and global ambition to support open societies (the ‘Indo-Pacific tilt’).¹

- 2.5. The UK has now concluded negotiations to accede to the CPTPP by means of an ‘Accession Protocol’. The accession process, pending ratification and entry into force (when the UK will formally become a Party), begins to introduce the UK into the CPTPP and presupposes compliance with the provisions of the Treaty.
- 2.6. The accession of the UK to the CPTPP will facilitate the establishment of a deeper trading relationship between the UK and all 11 of the original signatories. This will build upon existing trade agreements with Australia, Canada, Chile, Japan, Mexico, New Zealand, Peru, Singapore and Vietnam and further open growing markets to UK businesses in Malaysia and Brunei. Joining CPTPP will further liberalise the flow of international trade and investments between the UK and CPTPP countries, reducing or removing existing barriers among them.
- 2.7. Barriers can be for example taxes charged on goods as they cross borders (tariff barriers), or different rules and regulations that can add to trade costs (non-tariff barriers). These barriers make it more difficult and costly to trade overseas; and reducing these barriers can improve the flow of trade between countries and help businesses to access new markets.
- 2.8. The CPTPP to which the UK will accede will, in the rest of this document, be referred to as the “CPTPP” or the “Treaty.”

3. UK Accession and CPTPP

- 3.1. Total trade between the UK and the CPTPP Parties was worth £113 billion in 2022². Key UK goods exports to CPTPP members were machinery and transport equipment (£13.08 billion), material manufactures (£4.11 billion) and chemicals (£4.41 billion). In services the UK’s top exports were other business services (£9.71 billion) and financial services (£6.67 billion). In addition, the UK stock of Foreign Direct Investment (FDI) in member states was worth at least £117 billion in 2021, while CPTPP members’ stock in the UK totalled at least £182 billion³.
- 3.2. The UK submitted its formal application to accede on 31 January 2021 after holding preparatory talks with all CPTPP members. On 2 June 2021, the members invited the UK to begin the accession process and formed an Accession Working Group (AWG) to oversee it. On

¹ <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>.

² ONS, UK total trade: all countries seasonally adjusted data, released 27th April 2023

³ [ONS Foreign direct investment \(FDI\) totals for inward and outward flows, positions and earnings, released 24th January 2023](#)

28 September 2021, the ‘compliance’ phase began where the UK was asked to demonstrate its compliance with the provisions of the Treaty. The final stage, relating to market access negotiations, began on 18 February 2022 with rounds held in Tokyo, Sydney, London, and Vietnam, before substantial conclusion of negotiations was reached in March 2023.

3.2.1. As an acceding State, the UK was not negotiating changes to the original CPTPP text but the terms and conditions upon which we would accede via the Protocol of Accession including the accompanying market access schedules and any relevant side letters.

3.3. Prior to the accession process the UK concluded an enhanced bilateral agreement with Japan and new deals with Australia and New Zealand. We are currently negotiating enhanced bilateral agreements with Canada and Mexico and have existing agreements with Chile, Vietnam, Singapore and Peru. As highlighted in paragraph 2.6, the UK does not currently have bilateral deals with Malaysia and Brunei. CPTPP would build upon these agreements and forge new ones.

3.4. CPTPP is an important economic and strategic group of countries, and joining is a stepping stone to integration and influence across the Asia-Pacific region. With the Indo-Pacific expected to account for 54% of global growth between 2019 and 2050 and around half the world’s middle-class consumers (2.3 billion) by 2030, this is a huge opportunity to place the UK at the forefront of trade and security in the region.

3.5. Currently, CPTPP includes 11 Parties. All have ratified the Treaty. The UK will be the 12th Party upon completion of the ratification and entry into force process. We understand that the following economies have formally applied to join CPTPP: China, Taiwan, Costa Rica, Ecuador, Uruguay and Ukraine. Others, including Thailand, the Republic of Korea and the Philippines have expressed an interest in joining. Given its capacity for expansion, it is important that the UK joins now so that we can participate in those accessions and set the terms for CPTPP’s expansion.

3.5.1. Members have not committed to any specific order of accession, outlining that they wanted to complete the UK process first. This means the UK will be involved in discussions on any future accession process.

3.6. The Treaty represents a modern and comprehensive agreement that covers around 12% of global Gross Domestic Product (GDP) in 2022; this grows to around 15% with the UK⁴. As the first acceding member

⁴ DIT Calculations using GDP expressed in nominal terms. 2021 estimates, IMF, World Economic Outlook, April 2023.

to this important trading bloc, the UK has the opportunity to shape modern trading rules to maximise the benefits for UK businesses and consumers.

4. Framework of the Treaty

Entry into force, termination and amendment

- 4.1. The UK has a 12-month period from the point of signature in which to accept the terms of the Protocol of Accession (Protocol), the treaty that sets out the terms and conditions of accession of the UK to the CPTPP, by depositing an instrument of accession, in writing, with the Depositary (New Zealand). This period is extendable by a decision of the CPTPP Commission, the ‘administrative’ body set up by the Treaty and composed of all the CPTPP Parties.
- 4.2. There are alternative sets of rules governing the entry into force of the Protocol, i.e., the moment when the CPTPP will become legally binding for the UK and the existing 11 Parties. For a period of 15 months, the Protocol will enter into force 60 days after the UK deposits the instrument of accession to the Depositary or the date all Parties notify the Depositary that they have completed their respective legal procedures; whichever is later.
- 4.3. If the Protocol has not entered into force within the period specified in 4.2. then it will commence 60 days after the UK deposits its instrument of accession to the Depositary or the date upon which at least six Parties to the CPTPP notify the Depositary that they have completed their respective legal procedures; whichever is later. The Protocol will in this case only initially enter into force for the UK and the Parties that have notified New Zealand about the completion of their respective legal procedures.
- 4.4. For any Party to the CPTPP that has signed the Protocol but for which it has not entered into force as specified in 4.3, the Protocol will then enter into force for that Party 60 days after the date on which it notifies the Depositary in writing of the completion of its applicable legal procedures.
- 4.5. Any Party may withdraw from the Treaty by notifying the Depositary in writing and simultaneously informing the other Parties. The withdrawal takes effect six months after notification or as agreed by the Parties. The Treaty remains in force for all remaining Parties.
- 4.6. The Treaty may be amended if agreed by all Parties in writing. The amendment enters into force 60 days after the date on which all Parties have notified the Depositary in writing of the approval of the amendment in accordance with their respective applicable legal procedures or on such a date as the Parties may agree. This amendment process would engage the parliamentary scrutiny process set out in the Constitutional Reform and Governance Act 2010.

- 4.7. The Commission (see 4.8) also has the power to modify the below annexes of the Treaty subject to the completion of any necessary legal procedures for a Party:
- 4.7.1. the Schedules to Annex 2-D (Tariff Commitments), by accelerating tariff elimination;
 - 4.7.2. the rules of origin established in Annex 3-D (Product-Specific Rules of Origin) and Annex 4-A (Textiles and Apparel Product-Specific Rules of Origin); or
 - 4.7.3. the lists of entities, covered goods and services, and thresholds contained in each Party's Annex to Chapter 15 (Government Procurement);

Committees

- 4.8. The Treaty establishes the Commission, which is composed of government representatives of each Party at the Ministerial level or senior officials.
- 4.9. The Commission is tasked with overseeing the implementation and operation of the Treaty, including supervising any work by committees, working groups or any other subsidiary bodies established under CPTPP.
- 4.10. The Treaty text establishes 17 committees in the following areas:
- Trade in Goods
 - Agricultural Trade
 - Rules of Origin and Origin Procedures
 - Textile and Apparel Trade Matters
 - Sanitary and Phytosanitary Measures (SPS)
 - Technical Barriers to Trade (TBT)
 - Financial Services
 - Temporary Entry for Business Persons
 - Telecommunications
 - Government Procurement
 - State-Owned Enterprises and Designated Monopolies
 - Environment
 - Cooperation and Capacity Building
 - Competitiveness and Business Facilitation

- Development
- Small and Medium-Sized Enterprises (SMEs)
- Regulatory Coherence

In addition to the committees a Labour Council and a further two working groups have been established:

- Products of Modern Biotechnology (reporting to the Agricultural Trade Committee)
- Professional Services (reporting to the Trans-Pacific Partnership Commission)

4.11. At the Fifth Commission Meeting of the CPTPP on September 1st, 2021, the Parties established an 18th Committee on Electronic Commerce to explore ways to promote digitalisation.

Dispute Settlement

4.12. The Treaty includes a state-to-state dispute settlement mechanism. This applies to all chapters of the Treaty, except as noted in 4.13-15 below.

4.13. The chapters to which this mechanism applies in part are:

- Trade Remedies.

4.14. The chapters which modify aspects of this mechanism are:

- SPS, TBT, Cross-Border Trade in Services, Financial Services, Temporary Entry for Business Persons, Electronic Commerce, State-Owned Enterprises and Designated Monopolies, Intellectual Property, Labour, Environment, Transparency and Anti-Corruption.

4.15. The chapters to which this mechanism does not apply are:

- Competition Policy, Cooperation and Capacity Building, Competitiveness and Business Facilitation, Development, Small and Medium-Sized Enterprises, Regulatory Coherence.

General Exceptions

4.16. The CPTPP includes a series of exceptions that provide circumstances that allow for the Parties to justify taking measures that may be otherwise inconsistent with the CPTPP, as long they meet certain strict conditions. These exceptions allow the UK to protect domestic policy space and regulate in the public interest. For example, measures can be justified on grounds such as the protection of human, plant and animal life or health or public morals (GATT XX and GATS XIV, as incorporated), on the grounds of national security, or in situations of economic difficulty.

The Windsor Framework

- 4.17. Article 15 of the Protocol of Accession provides for the relationship between CPTPP and the Windsor Framework. The article sets out that nothing in the Treaty shall preclude the United Kingdom from adopting or maintaining measures related to the Windsor Framework that may be otherwise inconsistent with its obligations under CPTPP, as long as those measures are not used as a means of arbitrary or unjustified discrimination against the other Party or as a disguised restriction on trade. The article also allows for Parties to request consultations on the effects of any such measures and requires the UK to notify Parties of any changes to the Windsor Framework that substantially affect the operation of the CPTPP.

Review Clauses

- 4.18. The Treaty contains a general review clause in Chapter 27 (Administrative and Institutional Provisions), mandating review three years after entry into force of the CPTPP and review at least every five years thereafter.
- 4.19. The Treaty also contains a number of chapter and provision-specific review clauses within individual chapters.

Key Parts of the Treaty and its impacts

Goods

Market Access

- 4.20. Removing or reducing tariffs makes it easier and less expensive to trade physical products between our countries. The tariff concessions agreed between the UK and current CPTPP Parties provide that over 99% of current UK goods exports to CPTPP Parties would be eligible for tariff-free trade. For example, tariffs of around 80% will be eliminated on UK exports of whisky to Malaysia within 10 years, while UK car manufacturers will benefit from the staged removal of tariffs of 30% on UK exports of cars to Malaysia. The UK has also secured access to various CPTPP tariff rate quotas which will provide improved access to CPTPP markets for UK exporters, including dairy with Canada, Japan and Mexico. The tariff preferences established through this Treaty will sit alongside tariff preferences established under the UK's existing free trade agreements, which cover all CPTPP Parties apart from Brunei and Malaysia. Traders can choose which of the two preferential tariff regimes they wish to use when they trade between the UK and those CPTPP Parties. Any future Parties to CPTPP would be subject to the preferential rates negotiated as part of their own accession process.
- 4.21. The UK has agreed mechanisms including the use of quotas and gradual tariff reductions which provide adjustment periods, or even

permanent protections, for domestically sensitive industries, including sensitive agriculture goods.

- 4.22. In particular, the UK has secured permanent quotas or a replication of the treatment in pre-existing bilateral agreements for a range of sensitive agriculture goods, including beef, pork, chicken, sugar and rice.
- 4.23. The Treaty also contains a range of different provisions which aim to facilitate the movement of goods between the Parties, prohibit the use of discriminatory practices, and provide transparency. The Treaty also establishes a range of dialogue structures, including two committees, to discuss any matters arising under this Chapter.

Rules of Origin and Origin Procedures and Textiles and Apparel Goods

- 4.24. The Treaty provides a single set of rules to define whether a good can be considered ‘originating’ and eligible for tariff concessions under the Treaty. This includes product-specific rules to determine when a good produced within a CPTPP Party using materials from outside CPTPP will qualify as originating. Product specific details can be found at Annex 3-D and Annex 4-A for textiles and apparel.
- 4.25. The rules in the Treaty allows businesses to count inputs produced in one CPTPP Party toward the originating status of a good produced in another CPTPP Party. This can make it easier for UK exports to qualify for the preferential tariffs agreed in CPTPP, if they use inputs from other CPTPP Parties.
- 4.26. The Treaty also sets out procedures that traders are required to follow in order to prove the origin of goods and claim preferential tariff treatment. An importer can claim preferential tariff treatment on the basis of a certification of origin completed by the exporter, producer, or importer.
- 4.27. The UK has also agreed a side letter with Malaysia on finished vehicles. This allows traders in the UK and Malaysia to export finished vehicles to each other using more liberal rules of origin. This rule permits a vehicle to qualify as originating provided that at least 25% of its value was added in a CPTPP Party, rather than the usual 55% threshold. This will make it easier for UK manufacturers to export finished vehicles to Malaysia at lower tariffs.

Customs Administration and Trade Facilitation

- 4.28. The Treaty aims to facilitate trade by ensuring that CPTPP Parties’ customs procedures are efficient, consistent, transparent, and predictable whilst also allowing each Party to maintain effective customs control.
- 4.29. The Treaty builds on CPTPP Parties’ commitments under the WTO Trade Facilitation Agreement including more ambitious

commitments in areas such as Release of Goods and Advance Rulings. Such provisions provide traders with additional certainty about how their goods will be treated before, at and away from the border, reducing both the time and costs associated with moving goods across borders and keeping border processes consistent and predictable for businesses.

- 4.30. The UK's pre-accession approach to customs procedures was consistent with commitments contained in the Treaty and no changes were required to the UK's customs procedures, with the exception of providing Advance Rulings on Valuation. The UK introduced this service in Spring 2023, to align with CPTPP.

Trade Remedies

- 4.31. The Trade Remedies Chapter affirms the UK's existing rights and obligations under the WTO Agreements and ensures that UK businesses will be protected from unfair trade practices such as dumping, subsidising and any unforeseen surges in imports. It will allow for trade remedy measures to be applied in a proportionate manner and investigations into these matters to be conducted transparently.
- 4.32. This Chapter also provides for the application of transitional safeguard measures for those goods not covered by product-specific quantitative restrictions. This can provide a temporary safety net for domestic industries where there is evidence that an increase in imports is causing, or threatens to cause, serious injury to a particular industry as a result of tariff liberalisation through this Agreement.

Sanitary and Phytosanitary Measures

- 4.33. The Treaty preserves the UK's right to regulate and take necessary measures to protect against risks to food safety and animal or plant life or health. Acceding to the Treaty will not require the UK to change current domestic legislation or import requirements. Imports will continue to have to meet the UK's existing food safety and biosecurity standards.
- 4.34. The Treaty establishes dialogue structures to discuss SPS technical issues and potentially resolve barriers to trade for the benefit of UK businesses. It will enable businesses to benefit from greater transparency and information sharing and aims to ensure that SPS measures implemented by a Party do not create unjustified obstacles to trade.

Technical Barriers to Trade (TBT)

- 4.35. This Chapter facilitates greater transparency and information-sharing between CPTPP members about their domestic regulations and encourages communication between parties once measures are in

- place. The Chapter will help provide regulatory predictability for businesses and reduces the likelihood of new barriers forming.
- 4.36. This Chapter requires that CPTPP members treat Conformity Assessment Bodies (CABs) located in another member country no less favourably than their own domestic CABs. This means that, where a CPTPP Member might restrict accreditation and approval to a CAB located in their own territory, the Chapter requires that foreign CABs receive the same treatment. In this way, UK CABs will be able to apply for accreditation and approval across CPTPP member countries, and vice versa.
 - 4.37. This Chapter includes a dedicated sub-committee and enables members to request technical discussions to resolve any issues arising under the Chapter and its annexes. These provide routes to address issues faced by UK businesses of all sizes (including SMEs) when exporting to CPTPP markets.
 - 4.38. The Chapter includes seven product-specific annexes: wine & distilled spirits, information and communications technology, pharmaceuticals, cosmetics, medical devices, proprietary formulas for pre-packaged foods, and organic products. These annexes promote collaboration on regulations, ensuring CPTPP members' regulations are not unduly burdensome and address common market access issues.
 - 4.39. The UK has agreed with CPTPP members an exemption on one requirement in the Wine and Distilled Spirits Annex in the Accession Protocol. This prohibits members from preventing imports from other CPTPP parties on the basis that those imports use certain traditional terms for wine labelling. Traditional terms for wine are marks of distinctiveness and quality that protect wine products from misuse or imitation. This exemption allows the UK to meet its existing obligations under the UK-EU Withdrawal Agreement.

Services and Investment

Investment

- 4.40. The Chapter contains provisions prohibiting a range of market distorting practices. These include discriminatory treatment of foreign investors; the imposition of conditions for the making of investments such as export volumes, domestic content, technology transfers, and the imposition of nationality requirements for senior management and boards of directors.
- 4.41. The Chapter includes a range of provisions throughout on states' right to regulate. The Chapter also provides for each Party to protect their ability to regulate areas such as public services in ways that may not conform to the obligations in the chapter through Schedules to Annex I and Annex II. The UK's schedules are annexed to the Accession Protocol.

- 4.42. The Chapter also provides protection for investors from expropriation without compensation, and abusive treatment from states such as the denial of justice. The Chapter includes a modern, transparent investor-state dispute settlement mechanism to provide an independent means of redress for investors whose treaty rights have been breached, and which also applies, with modifications, to the Financial Services Chapter.
- 4.43. In light of the investment relationship the UK has with Australia and New Zealand, we have agreed side letters to disapply the ISDS provisions in CPTPP between our countries.
- 4.44. Finally, as part of securing the UK's inclusion in Annex 9-H, which ensures that investment screening decisions taken by the UK on national security or public interest grounds cannot be challenged under CPTPP's dispute settlement or ISDS provisions, the UK has agreed side letters providing similar investment screening carve-outs for Malaysia, Singapore and Vietnam.

Cross-Border Trade in Services

- 4.45. The Cross-Border Trade in Services Chapter limits the restrictions that can be placed on trade in services among the Parties and will make it easier for UK suppliers to trade with CPTPP countries. For each Party, the Chapter prohibits discrimination against other Parties' service suppliers. It also prohibits quantitative restrictions on cross-border trade in services and requirements that service suppliers must set up an office or be resident in order to supply services. It also includes rules on the administration of domestic measures, including those that relate to authorisations, and rules on transparency.
- 4.46. The Chapter applies across all services sectors, except where otherwise provided in Parties' market access offers for specific sectors. The UK's market access offer to CPTPP Parties reflects our naturally open services market, while maintaining rigorous protections for the UK's public services, including the NHS and public service broadcasters.
- 4.47. CPTPP includes a Professional Services Annex which provides a framework to facilitate the supply of Professional Services. Supported through a dedicated professional services working group, the Annex will encourage dialogue on issues that can result in barriers to trade for professional service suppliers. For example, the Annex encourages Parties to consider allowing foreign lawyers to provide foreign legal services on the basis of their right to practise law in their home jurisdiction.
- 4.48. The Treaty also includes an Express Delivery Services Annex which will encourage more open markets for UK express delivery suppliers (e.g., services relating to the collection, transport and delivery of documents, printed matter, parcels, goods or other items on an

expedited basis) and ensures that regulators of these services are independent and impartial.

Financial Services

- 4.49. The Financial Services Chapter includes non-discrimination and market access obligations. Under the national treatment obligations, the UK and the CPTPP Parties agree to treat their respective investors, financial institutions, investments, or cross-border financial service suppliers no less favourably than their respective domestic investors, financial institutions, investments, or cross-border financial service suppliers, in like circumstances. Similarly, the UK and CPTPP Parties are bound to provide each other's investors, financial institutions, investments, and cross-border financial service suppliers with most-favoured-nation treatment, in like circumstances. These provisions are subject to each Party's specific non-conforming measures. The Treaty also provides for market access for financial institutions operating in the territory of a CPTPP Party, except where otherwise provided in a Party's market access offer. In addition, Parties must permit the cross-border supply of certain financial services into their territory, on terms that accord with national treatment, protecting UK financial service suppliers from the imposition of discriminatory restrictions when supplying these services.
- 4.50. CPTPP provisions will help encourage more dynamic business models, such as provisions on the performance of back-office functions, avoiding restrictions on residency requirements, and measures that help liberalise cross-border trade including to protect the free flow of financial information.
- 4.51. CPTPP also preserves policy space to take measures for prudential reasons, including to protect investors and depositors, or to ensure the integrity and stability of the financial system, as well as measures taken by a public entity in pursuit of monetary and related credit policies or exchange rate policies.
- 4.52. The UK has also secured new cross-border commitments for the supply of electronic payment card services, as well as the supply of portfolio management services to collective investment schemes. This set of provisions enables UK suppliers to provide these services into the markets of CPTPP Parties from the UK, and vice versa.

Temporary Entry for Business Persons

- 4.53. The Temporary Entry for Business Persons Chapter supports and facilitates greater temporary business mobility between all CPTPP Parties, including the UK. Acceding to the CPTPP will allow UK business persons in key sectors such as legal services, architecture,

science and manufacturing to enter and temporarily stay for the purposes of supplying a service, supporting an investment or conducting short term activities like attending meetings in the territory of another CPTPP Party. The Treaty binds in commitments that secure entry routes for business persons. This brings certainty and clarity that UK business persons are able to enter the territory of another CPTPP Party to engage in activities that support the trade in goods, the supply of services or the conduct of investment activities. The Chapter also includes commitments which support greater transparency and facilitative procedures for visa applications.

- 4.54. UK business persons will benefit from commitments on Business Visitors, supporting them to travel to the territories of all other CPTPP Parties for business activities. UK professionals and businesses will also benefit from commitments which enable businesses to transfer key employees to branches located in the territory of other CPTPP Parties, and UK professionals will, in many instances, be able to bring their family members with them. UK service suppliers will benefit from commitments which allow them to deliver services in CPTPP markets across a range of sectors, both as employees of a service supplier but also as self-employed entrepreneurs. UK investors will also benefit from commitments to help them pursue or support investments in the territory of other CPTPP Parties.
- 4.55. As well as providing access for UK business persons into CPTPP markets, acceding to the CPTPP also supports the entry and temporary stay of business persons from other CPTPP Parties in the UK, ensuring UK businesses are able to access talent and expertise from highly skilled business persons across the Trans-Pacific region. The UK has provided commitments for Business Visitors, supporting individuals to make short term visits to the UK for activities such as meetings and sales. The UK also provides commitments for Business Visitors for Establishment Purposes, a specialist route for individuals in senior positions seeking short term stay to support the establishment of a new enterprise in the UK. Both of these business person categories are limited to stays of up to 90 days. The UK has also included commitments to support Intra-Corporate Transferees. These are business persons employed by an enterprise in a CPTPP Party who are looking to transfer to a branch of their enterprise in the UK for up to three years. As part of their stay, Intra-Corporate Transferees can also bring their partners and dependents to live and work in the UK. These commitments are open to business persons from all CPTPP Parties.
- 4.56. The UK's Annex 12-A also includes reciprocal commitments on Contractual Service Suppliers and Independent Professionals.

Contractual Service Suppliers are business persons employed by an enterprise who are seeking to deliver a service in the UK under a contract in one of twenty-two economic sectors for up to 12 months. Independent Professionals are self-employed service suppliers seeking to deliver a service in the UK under a contract in one of twelve economic sectors also for a period of up to 12 months. The UK has also taken commitments to support Investors seeking to establish commercial presence in the UK, offering a stay in the UK of up to 12 months, subject to individuals meeting all relevant conditions.

- 4.57. The Treaty maintains the UK's right to regulate immigration and the commitments do not apply to individuals seeking nationality, citizenship, residency, or employment on a permanent basis.

Telecommunications

- 4.58. The Telecommunications Chapter includes a series of provisions which support telecommunications trade and investment, in the interests of our businesses and consumers. Provisions focus on improving regulatory coherence, removing barriers to trade for foreign suppliers, allowing businesses flexibility in choice of technology and safeguarding fair and competitive practices.
- 4.59. Moreover, the Treaty encourages cooperation between member states on international mobile roaming rates. The CPTPP also furthers transparency in regulatory decision-making while providing a forum to effectively respond to technological and regulatory developments across the telecoms sector.

Electronic Commerce

- 4.60. The Electronic Commerce Chapter includes a series of provisions which will support businesses and consumers to trade digitally. Provisions focus on areas such as enabling the use of electronic authentication and signatures, preventing the imposition of customs duties on electronic transactions, and promoting cooperation on cybersecurity.
- 4.61. The Chapter also facilitates the free flow of data which underpins fundamental aspects of goods and services trade in the modern economy. It does this whilst guaranteeing that personal data protection frameworks are adopted, or remain in place in CPTPP Parties.

Additional important parts of the CPTPP

Government Procurement

- 4.62. The Government Procurement Chapter of CPTPP largely replicates the obligations of the WTO Agreement on Government Procurement,

of which the UK is a member. The Chapter requires Parties to provide open, fair and transparent access to their public procurement markets for each other's goods, services and suppliers.

- 4.63. The Chapter Annex includes market access schedules for each Party. These specify the procuring entities, and the goods and services they purchase, that will be subject to the provisions of the chapter, as well as the minimum contract value required to be within scope of the Chapter.
- 4.64. Joining CPTPP will build on the existing comprehensive agreements the UK has with most member countries by providing UK businesses with even greater access to opportunities in their government procurement markets in several areas.
- 4.65. The countries and areas in which UK businesses will enjoy this new access include: the procurement of services in Canada, Japan, Peru, Singapore and Viet Nam. Areas of enhanced coverage provided by each country vary, but include architecture and engineering, telecommunications, hotel and catering, air transport, and computing.
- 4.66. It will also mark the UK's first ever agreement containing government procurement provisions with Brunei and Malaysia. This will create entirely new access opportunities for UK businesses in the government procurement markets of both countries.
- 4.67. In turn, accession to CPTPP will provide enhanced access to the UK's public procurement market for some Parties that goes beyond our existing agreements with them.
- 4.68. For example, providers of air transport services from Canada, construction services from Japan, and architectural and engineering services from Viet Nam will be guaranteed the right to compete on equal terms with UK suppliers for the first time.

Competition

- 4.69. The Chapter (which includes consumer protection provisions) is consistent with the UK domestic regime and requires that all Parties have comprehensive competition regimes as part of a transparent regulatory environment. It includes commitments to maintain and enforce laws that promote competition and address anti-competitive activities in a non-discriminatory manner, incorporating detailed procedural rights for people and businesses under investigation by independent competition authorities, such as ensuring they have the right to be legally represented.

State Owned Enterprises and Designated Monopolies

- 4.70. CPTPP promotes open and fair competition between private enterprises and businesses owned by CPTPP signatories, benefitting UK businesses and consumers by aiming to prevent SOEs or

designated monopolies from distorting trade because of their relationship with government. It reassures UK businesses of CPTPP signatories' long-term commitment to guarantee that SOEs operate in accordance with commercial practices. We have ensured that UK SOEs, particularly those providing public services, can continue to operate as they do now.

- 4.71. The original signatories committed to further negotiations within five years after Entry into Force and these are now due. Further negotiations will cover: the possibility of extending the application of rules to SOEs owned or controlled by sub-central levels of government; and extending non-commercial assistance rules to protect the Parties from potential negative effects of services supplied by SOEs in non-party markets.

Intellectual Property

- 4.72. This Chapter commits CPTPP members to a minimum level of IP standards. It builds on existing shared international standards that support our economies through adequate, effective and balanced protection and enforcement of IP rights. It includes commitments on Copyright, Patents, Trade Marks, Industrial Designs and Geographical Indications (GIs) amongst other provisions.
- 4.73. The UK's IP regime achieves an effective balance between rewarding creators and innovation and reflecting wider public interests such as ensuring access and use of IP on reasonable terms. This balance is compatible with CPTPP membership and will be preserved.
- 4.74. The UK meets the standards required for CPTPP accession including those related to pharmaceutical patents and generic medicines, with no changes required to the UK's arrangements.
- 4.75. Through our accession we have ensured that the UK will not need to make any domestic changes regarding patent grace periods until the necessary amendments to the relevant international conventions have been made. The UK has therefore ensured our accession to CPTPP is consistent with our existing international obligations, such as those under the European Patent Convention (EPC). The UK will promote international harmonisation on the grace period and will report annually to other CPTPP Members regarding progress on this matter. This position has been agreed in side letters between the UK and each CPTPP Party.

Labour

- 4.76. CPTPP contains a Labour Chapter that affirms CPTPP Parties' obligations as members of the International Labour Organization (ILO) and helps to protect labour rights and improve working conditions.

- 4.77. The Chapter ensures no Party can waive or derogate from relevant labour laws in a manner affecting trade and investment between the Parties and that Parties have recourse to dispute settlement if any obligations in the Chapter are not upheld by another Party.
- 4.78. The Labour Chapter promotes enhanced co-operation and consultation, including through public engagement with domestic stakeholders. The Chapter sets out clear procedures for consultations on matters arising under the Chapter.

Environment

- 4.79. CPTPP has an extensive Environment Chapter which sets out the shared commitment of all Parties to mutually supportive trade and environmental policies.
- 4.80. The Chapter ensures no Party can waive or fail to domestically enforce environmental laws to create an unfair competitive advantage and that all Parties have recourse to dispute settlement if any obligations in the Chapter are not upheld by another Party. The Treaty also preserves Parties' right to regulate to protect the environment. This means all Parties can establish their own levels of environmental protection, including for the UK to pursue net zero.
- 4.81. The Chapter affirms commitments under multilateral environmental agreements, with all CPTPP members signatory to the Paris Agreement, and strengthens cooperation on areas including biodiversity, protection of the ozone layer, fisheries, environmental goods and services, and the transition to a low emissions economy.

Cooperation and Capacity Building

- 4.82. This Chapter acknowledges the importance of cooperation and capacity building activities in implementing CPTPP; recognises such activities will be undertaken on a mutually agreed basis between two or more CPTPP Parties; and recognises the relevance of the private sector to these activities as well as potential assistance required by SMEs to enter global markets.
- 4.83. The Chapter sets out examples of potential areas of cooperation which include agricultural, industrial and services sectors; promotion of education, culture and gender equality; and disaster risk management.
- 4.84. The Chapter recognises the importance and relevance of technology and innovation to the cooperation and capacity building activities, and that such activities may be undertaken through different channels such as workshops and technical assistance.
- 4.85. The Chapter establishes a committee on cooperation and capacity building composed of government representatives of CPTPP members. The committee provides a mechanism to share experiences and lessons learned, and a platform to engage and work with

international donor institutions, private sector entities and non-governmental organisation to assist cooperation and capacity building activities.

Competitiveness and Business Facilitation

- 4.86. This Chapter recognises the importance and relevance of CPTPP Parties' business environments to the competitiveness of their economies. The chapter recognises, in particular, the importance of supply chains in facilitating trade and reducing the costs of doing business between the Parties. The chapter establishes a framework to carry out capacity building activities including with private sector and international donor organisations to strengthen the development of supply chains.
- 4.87. The Chapter establishes a committee on competitiveness and business facilitation composed of government representatives of CPTPP members. The committee will support efforts to establish a competitive environment that is conducive to the establishment of businesses, facilitates trade and investment between the Parties, and promotes economic integration and development within the free trade area.

Development

- 4.88. Trade is an important lever through which the UK will continue to support low and middle income countries. Trade and Development helps countries to grow their economies, create jobs, and lift themselves out of poverty.
- 4.89. The Development Chapter affirms Parties' commitment to promoting open trade and investment, as well as the contribution trade and investment makes to economic development and prosperity.
- 4.90. This Chapter encourages joint development activities between Parties, and private and multilateral institutions; these may include: the promotion of development assistance, the facilitation of public and private sector partnerships, and the involvement of private, philanthropic and non-governmental organisations to support development.
- 4.91. The Chapter establishes a Development Committee comprising government representatives of each Party to the Treaty. The Development Committee will exchange information on experiences and policies, share information on joint development activities, discuss proposals for future joint development activities, and bring international donor institutions, private sector actors and non-governmental organisations to assist.

Women and Economic Growth

- 4.92. In the Development Chapter the Parties also acknowledge the importance of enhancing opportunities for women as workers and business owners to access the full benefits of this Treaty. The Women and Economic Growth Article provides the opportunity for the Parties to undertake cooperative activities. Activities may include sharing information or experience related to: workplace flexibility; developing women's leadership networks, as well as programmes that seek to enhance women's access to markets, technology or financing.

Small and Medium Sized Enterprises

- 4.93. The Chapter will ensure that SMEs are provided with the information necessary to take informed commercial decisions and benefit from the reduction in trade barriers achieved throughout the Treaty. The provisions are aimed at improving the accessibility of the Treaty for SMEs, which could help reduce the costs that these businesses face and thereby positively impact their propensity to export. For example, provisions within the Chapter require that Parties share the Treaty online, along with summaries and highlight provisions useful for SMEs.
- 4.94. The Chapter also provides a framework to boost cooperation on SMEs between all the CPTPP Parties, including establishing an SME Committee. Through the Committee, the Parties commit, amongst other things, to sharing information on their experiences supporting SME exporters, for example through training programmes; and exploring further capacity building for their SMEs.

Good Regulatory Practice and Regulatory Co-operation

- 4.95. GRP (Good Regulatory Practice) (or Regulatory Coherence in CPTPP) promotes good governance and accountability in regulatory processes, creating a stable and predictable regulatory regime to encourage businesses to invest. The Regulatory Coherence Chapter ensures all Parties have and maintain an evidence-based, coordinated, and transparent process when developing regulation.
- 4.96. The Chapter also establishes a Regulatory Coherence Committee which will, amongst other things, monitor the implementation of the CPTPP and facilitate regulatory cooperation. Enhanced regulatory cooperation may allow for a more aligned and stable regulatory landscape between the Parties, helping to remove non-tariff trade barriers for businesses.
- 4.97. The UK is recognised as a world leader in the better regulation space, and already implements the core principles of GRP. The Chapter protects the UK's right to regulate meaning we can independently identify our regulatory priorities and implement our regulatory processes.

Transparency and Anti-Corruption

- 4.98. This Chapter contains provisions that commit all parties to the promotion of transparency in government decision-making.
- 4.99. The anti-corruption provisions within the CPTPP acknowledge each member's resolve to combat bribery and corruption in international trade and investment and reinforce international obligations, such as those within the United Nations Convention Against Corruption (UNCAC).
- 4.100. It includes provisions such as the criminalisation of bribery and foreign bribery, affirmation of international commitments, as well as provisions regarding the integrity of public officials and private sector and civil society participation.

Dispute Settlement

- 4.101. The Dispute Settlement Chapter of the CPTPP contains a state-to-state dispute settlement mechanism for the Parties to the CPTPP to resolve disputes, should any party pursue a dispute through this route. The Chapter promotes compliance and ensures that state-to-state disputes can be dealt with in a fair, consistent, cost-effective, transparent, and timely manner.

Side Letters

- 4.102. The UK has also agreed a series of side letters with other Parties, a number of which are described where relevant in appropriate sections of this document. Most of the side letters which the UK has agreed with other Parties are side letters that CPTPP Parties had already agreed with each other when TPP and CPTPP were originally negotiated, so it was logical for them to cover the UK as we accede. We ensured that all side letters we agreed are acceptable to the UK and aligned to our interests and objectives.

5. Implementation

Primary Legislation

- 5.1. In order to ensure the UK is compliant with the CPTPP at Entry into Force, we have identified three areas which require primary legislation:
 - Technical Barriers to Trade (TBT)
 - Government Procurement
 - Intellectual Property
- 5.2. In relation to TBT, implementing legislation is needed due to some UK legislation requiring conformity assessment bodies to be located in the UK or in a country with which the UK has a mutual recognition agreement on conformity assessment. Primary legislation will be required to amend relevant technical regulations to allow conformity

assessment bodies from CPTPP members to apply for accreditation and approval without the requirement to be established in the UK.

5.3. For Government Procurement, primary legislation is required to amend the UK's public procurement legislative framework to:

5.3.1. give effect to the UK's market access commitments to CPTPP suppliers; and

5.3.2. bring that framework into compliance with two technical provisions of the procurement chapter. Those concern procurements funded by an international organisation and the information to be published in a contract award notice.

5.4. For Intellectual Property this includes:

5.4.1. Changes to the grounds on which applications made to register Geographical Indications (GI) under Great Britain's GI scheme for certain agriculture and food products may be opposed and grounds on which applications can be made to cancel registered GIs.

5.4.2. Expanding the eligibility criteria through which a performer can qualify for rights in performances.

Secondary Legislation

5.5. The Government will amend the Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020 to make provision for the preferential duty rates and to implement the Rules of Origin and Textiles chapters. Some further amendments to existing secondary legislation are required to implement further Rules of Origin administrative requirements which will be led by HMRC.

5.6. Secondary legislation will introduce a definition of 'ice wine' in accordance with the provisions of Annex 8-A Wine and Distilled Spirits. This definition will permit wine to be labelled as 'icewine', 'ice wine', 'ice-wine' or a similar variation of those terms, only if such wine is exclusively from grapes naturally frozen on the vine.

5.7. Some secondary legislation will be required to the changes to the eligibility criteria for performers set out in the primary legislation section

Immigration Rules

5.8. Changes to the Immigration Rules will be required to implement the UK's Annex 12-A commitments relating to the entry and temporary stay of business persons as outlined in paragraphs 4.53-4.57. These

changes will be made through a Statement of Changes to the Immigration Rules.

Territorial Application

- 5.9. The CPTPP will apply to the territory of the UK and to the Crown Dependencies as set out below.
- 5.10. All chapters of the Treaty will apply to the Crown Dependencies with the exception of Chapter 9 (Investment); Chapter 10 (Cross-Border Trade in Services); Chapter 11 (Financial Services); Chapter 12 (Temporary Entry for Business Persons); Chapter 13 (Telecommunications); Chapter 14 (Electronic Commerce); Chapter 15 (Government Procurement); and Chapter 18 (Intellectual Property). Certain chapters will apply to the Crown Dependencies (with the exceptions of Alderney and Sark) 24 months after entry into force of the Protocol, namely Chapter 16 (Competition Policy), Chapter 17 (State-Owned Enterprises and Designated Monopolies), Chapter 19 (Labour), Chapter 20 (Environment), Chapter 21 (Cooperation and Capacity Building), Chapter 22 (Competitiveness and Business Facilitation), Chapter 23 (Development), Chapter 24 (Small and Medium-Sized Enterprises) and Chapter 25 (Regulatory Coherence).
- 5.11. The Protocol includes a mechanism which will allow for further extension to the Crown Dependencies or Overseas Territories. It is the UK's intention that parts of the CPTPP will be extended to the Crown Dependencies once extension negotiations have taken place and the necessary implementing measures, e.g. legislation, are in place for the territories. DBT will work with the Crown Dependencies in this regard, as well as any Overseas Territory that wishes the Protocol to be extended to it in future.

6. Financial

- 6.1. Public funding will be required to meet the obligations for managing this Treaty and attending periodic Committee, Senior Official and Ministerial-level Commission meetings, as well as participating in Accession Working Groups for future aspirant economies. Although many of these meetings will be held virtually, there will be some in-person meetings which will include travel costs.

7. Human Rights

- 7.1. There are no significant human rights implications. Implementation will not require legislative changes with significant human rights implications.
- 7.2. The preamble to the CPTPP reaffirms the importance of protecting and enforcing labour rights, improving working standards and living conditions.

8. Reservations and Declarations

- 8.1. Alongside the Accession Protocol the UK and the Parties have made a Joint Declaration setting out their shared intention to commence discussions on extending Chapters 9-15 and Chapter 18 of the CPTPP to the Crown Dependencies as soon as possible, in order that any agreed extension is able to enter into force as soon as is practicable after entry into force of the Protocol.
- 8.2. The UK has also agreed a Statement on the Environment with several Parties, which emphasises our shared objectives to tackle environmental challenges such as climate change, biodiversity loss, and pollution.

9. Consultation

Devolved Administrations (DA)

- 9.1. The UK government is responsible for negotiating international trade agreements on behalf of all parts of the UK. However, DBT recognizes that modern trade agreements interact with areas of devolved competence and that the DAs have interests across a range of areas.
- 9.2. DBT has created engagement structures at all levels to ensure a constructive relationship with the DAs. These include the quarterly Interministerial Group for Trade, regular bilateral meetings between ministers, the six-weekly Senior Officials Group, regular chapter specific policy roundtables and weekly working level engagement.
- 9.3. DAs were consulted regularly after each negotiation round. Through this process DA priorities were registered and the engagement was focused, though not limited, to areas of devolved competence including: Sanitary and Phytosanitary Standards; Public Procurement that is not wholly or mainly reserved; Technical Barriers to Trade; Environment and Sustainability; and the Windsor Framework.
- 9.4. After the conclusion of rounds officials provided updates on the progress made in negotiations, outlined the outstanding issues and took questions on developments.
- 9.5. DBT shared negotiated text and market access schedules with DAs ahead of signature, including the Accession Protocol.

Crown Dependencies and Overseas Territories

- 9.6. The UK is responsible for the international relations and external affairs of Crown Dependencies and Overseas Territories. DBT shared draft UK text with the Crown Dependencies and the Government of Gibraltar whilst officials received regular updates from lead

negotiators. This allowed for consultation on territorial application being sought by the respective territories. DBT shared the UK Accession Protocol prior to signature.

Other stakeholders

- 9.7. Our CPTPP negotiation strategy was informed by a comprehensive consultation process, where we spoke to businesses and interest groups in every part of the UK. On 20 July 2018, the Department for International Trade (as it was then) launched a public consultation seeking views on the potential accession to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) for individuals, businesses, business associations, NGOs and public sector bodies. The consultation response, containing a summary of the 149,968 responses, was published in June 2021.
- 9.8. DBT engaged extensively with a range of stakeholders and experts through technical and strategic discussions to inform our negotiations and ensure we were representing the views of sectors across the UK economy. DBT has also continually worked with stakeholders to understand concerns and ensure that our negotiations benefit businesses and consumers across the UK.
- 9.9. Our post-round reporting ensured stakeholders were kept up to date. This involved advocacy roundtables with key stakeholders, Advisory Group Updates, and sector-specific briefings.

10. Ministerial Responsibility

- 10.1. The Secretary of State for the Department for Business and Trade has overall responsibility for the trading relationship with all CPTPP Parties and for this Treaty.
- 10.2. The Secretary of State for Foreign, Commonwealth and Development Affairs has overall responsibility for UK policy relating to the UK's relations with CPTPP Parties.

The Secretary of State for the Department for Business and Trade approves this draft explanatory memorandum.