

United Kingdom Accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Ministers and representatives from Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam, members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), have signed an Accession Protocol that sets out the terms and conditions of the United Kingdom's accession to CPTPP (the Protocol).

The CPTPP is one of the most comprehensive trade deals ever concluded. It is a high standard agreement that underpins rules-based trade and economic integration in our region and beyond.

Throughout the accession process, the UK had to demonstrate that it would comply with existing CPTPP rules and provide commercially meaningful market access offers of the highest standard on goods, services, investment, financial services, government procurement, state-owned enterprises and temporary entry for business persons.

As a G7 member, the world's sixth-largest economy, and as a country committed to high standards and rules-based trade, the UK's membership will significantly benefit the CPTPP, and the prosperity of our region.

The UK joining CPTPP will complement the NZ-UK FTA, which entered into force on 31 May 2023. The NZ-UK FTA delivers preferential access for New Zealand businesses to the UK's \$3 trillion consumer market and will eliminate all tariffs on New Zealand exports to the UK.

Both New Zealand and the UK understood that reaching a comprehensive bilateral free trade agreement was necessary as a precursor to UK CPTPP membership, and this is reflected in the NZ-UK FTA's high quality outcomes. Similarly, New Zealand has the best access to the UK of any party in CPTPP, with UK tariffs eliminated on 100% of New Zealand trade.

As a result of the NZ-UK FTA high-quality outcomes, New Zealand agreed with the UK that we would not seek additional market access commitments through the CPTPP accession process. The benefits to New Zealand of the UK's accession to CPTPP therefore need to be considered across both agreements.

The UK's accession will also advance New Zealand's goal of encouraging major powers to engage constructively in regional partnerships in the Indo-Pacific. Having a major economy like the UK inside CPTPP and part of the rules-based trading system in our region will benefit New Zealand exporters, provide greater certainty, and enhance regional supply chains for trade.

Importantly, the UK's accession demonstrates the ongoing relevance and appeal of CPTPP as an important piece of regional trade architecture.

Key outcomes

Goods Market Access

Overall, the UK's tariff schedule eliminates tariffs for all CPTPP Parties on 98.55% of tariff lines, covering approximately 99.85% of the UK's existing imports from CPTPP Parties, and provides commercially meaningful new market access through quotas for those Parties not subject to tariff elimination. This sets a strong precedent for future accessions, demonstrating the standard of market access required to accede to CPTPP.

The NZ-UK FTA already delivers New Zealand 100% tariff elimination across the board – a gold-standard outcome. This means that all New Zealand exports to the United Kingdom will enter duty free upon full implementation of the bilateral FTA. Already, 99.5% of New Zealand exports can enter the UK duty free through either tariff elimination or duty-free quotas. All quotas in the NZ-UK FTA will be phased out over transition periods of 3-15 years.

Similarly, in CPTPP, the UK will eliminate tariffs on all New Zealand exports once fully implemented – the best access of any Party. This means that when fully implemented, all products of New Zealand export interest will be able to enter the UK duty free under both agreements. When traded under CPTPP, goods with inputs from across the CPTPP membership will be able to be incorporated into the final product while retaining tariff preference.

Once the UK's accession to CPTPP enters into force, New Zealand exporters will be able to elect to trade under either the NZ-UK FTA, or under CPTPP, based on which best meets their circumstances. The [Tariff Finder](#) is a useful tool, and displays the outcomes of both agreements.

In a small number of cases, the UK's schedule in CPTPP provides faster tariff elimination than the NZ-UK FTA – i.e. additional opportunities over and above the NZ-UK FTA. This is the case on 1.5% of the UK's tariff lines, covering certain fruits, vegetables, processed food, cat and dog food, and certain fish and agricultural products, with average New Zealand trade of NZ\$800,000 per year.

For a further 4.5% of tariff lines, the NZ-UK FTA provides better transitional treatments than CPTPP. Therefore, where the tariff elimination periods differ across CPTPP and the NZ-UK FTA, exporters are likely to elect to trade under the latter. This includes faster tariff phasing on liquid milk and cream, milk powder, whey and lactose; certain fish and seafood products; some clothing and apparel; some industrial products; and sugar. New Zealand's average annual trade of these products to the UK is NZ\$15 million. Also included in these 4.5% of tariff lines are, importantly, the products subject to transitional quotas in the NZ-UK FTA (apples, butter, cheese, beef and sheepmeat). Exporters of these products will trade under the NZ-UK FTA to access these quotas, in order to obtain the best access to the UK during the transition period.

New Zealand will eliminate all tariffs on imports originating from the United Kingdom in both Agreements. In the NZ-UK FTA, this was immediately at entry into force on 31 May 2023; in CPTPP, New Zealand will have eliminated all remaining tariffs by 1 January 2024.

For more information on the NZ-UK FTA outcomes, see www.mfat.govt.nz/nzukfta and the Tariff Finder at www.tariff-finder.govt.nz.

Services and Investment

The inclusion of the UK into CPTPP provides another pathway for New Zealand service suppliers and business people to access the UK market using rules with which many New Zealand business people are already familiar. The UK's commitments in CPTPP provide certainty and predictability, making it easier for service suppliers to identify and take up new opportunities in the UK, thereby providing more opportunities for companies to diversify, and hedge against over-reliance on a small number of markets. New Zealand services suppliers already benefit from the access provided by the UK's commitments in the UK-NZ FTA. Its commitments under the CPTPP provide an additional layer of certainty and predictability. Combined, the NZ-UK FTA and the UK's accession to CPTPP will make it easier for New Zealand service exporters, such as providers of professional, business, education, environmental, transportation and distribution services, to identify and take up opportunities in the UK market and increase their competitiveness and profitability.

In addition, the inclusion of audio-visual services within the Services chapter means that the UK has taken on additional commitments that go further than its commitments in the NZ-UK FTA.

The UK's Services and Investment commitments in CPTPP are largely consistent with the NZ-UK FTA, however there are some notable areas of difference that may give New Zealand services exporters and investors meaningful gains:

- CPTPP is the first agreement in which the UK has agreed to include commitments on the audio-visual sector, albeit with significant reservations.
- The UK's Most Favoured Nation reservation for future FTAs is significantly narrower in CPTPP than the NZ-UK FTA. This could have real impact for New Zealand service suppliers and investors, as it increases the likelihood that they will benefit from preferential treatment the UK gives to third parties.

Financial Services

The UK's financial services market access schedule in CPTPP is very ambitious. The most significant gain in CPTPP over the NZ-UK FTA is in regards to future treatment, with the UK committing to provide New Zealand with a greater range of preferential treatment that it may give to third parties in the future on the condition that this treatment is reciprocated by New Zealand. This will allow New Zealand to receive the benefit of future high-ambition treatment by the UK if we so decide.

Temporary Entry

The UK's temporary entry for business persons commitments sit towards the top of CPTPP members' commitments, and is broadly equivalent to the NZ-UK FTA Temporary entry commitments; providing a strong precedent for future accessions temporary immigration and labour markets.

Investor-State Dispute Settlement (ISDS)

New Zealand has agreed a treaty-status side letter with the UK to exclude ISDS between the UK and New Zealand, similar to the letters concluded with original CPTPP parties Australia, Brunei Darussalam, Chile, Malaysia, Peru and Viet Nam. This outcome replicates the exclusion of ISDS in the bilateral NZ-UK FTA.

Next Steps

The Protocol will enter into force after the UK and all the CPTPP Parties have ratified it, or after 15 months if the UK and a majority of CPTPP Parties have ratified it. The ISDS side letter between New Zealand and the UK will enter into force on the date that the Protocol enters into force between New Zealand and the UK.

