



By: The Editorial Board

Pacific Britain – the benefits of CPTPP membership go far beyond the economic benefits



Admission to the Asia-Pacific free trade agreement is not only the UK's biggest trade deal after Brexit, but it is also the first significant step away from the perception that the UK has been moving towards isolationism through Brexit, and turning its back on its historic leadership and participation in an open global economy.

The decision of the 11 former members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to accept the UK into their trade bloc brings several significant precedents.

The UK is the first economy outside the Asia-Pacific region and the first European country to become part of this free-trade agreement.

Both the UK and the economies that accepted it as a member will benefit from this arrangement because two large economic entities have combined.

Grumbling against CPTPP membership

With the entry of the UK as the 12th member, the CPTPP becomes an area with more than 15% of the global GDP, from the previous 12%, or \$13.6 trillion. This area has a population of half a billion people whose economies conduct trade without barriers.

The entry of the UK will increase the otherwise large volume of trade within the bloc from the current \$6.6 trillion to \$7.7 trillion.

As a newcomer to the agreement, which has been in place since 2017, the UK will be its second-largest economy, behind Japan.

The benefits to the UK economy are indisputable despite criticism (mostly grumbling) that joining the CPTPP is nothing special.

The most common argument that the entry of the UK into one of the largest FTAs in the world is not a significant achievement, as presented, is the government statement that thanks to the accession to the CPTPP, the British GDP will grow "only" by 0.08% over a longer period of 15 years.

According to government estimates, this is an increase in GDP by £1.8 billion. This seemingly minimal increase is compared simultaneously to a 4% drop in GDP due to leaving the EU's shared single market, assuming the UK had remained a member of the EU.

The Pacific FTA is not compensation for the EU

This comparison would make sense if the CPTPP accession strategy aimed to compensate for the direct damage caused by Brexit.

However, entering the CPTPP is not compensation for withdrawing from the EU. Not from an economic, not from a developmental or political point of view.

Simply put, these two areas of interest have almost no shared points of contact for the UK.

The UK has had free-trade agreements with as many as nine out of a total of 11 members of the bloc. But joining the CPTPP goes beyond the simple sum of individual FTAs with its members.

The UK made a significant effort to join the Asia-Pacific trade bloc. The conditions for admission have been very demanding, and the negotiations lasted more than two years.

The CPTPP is a fairly closed club, with a long line of candidates at its door, so the UK could consider to have completed an important job. Political profit is definitely going to PM Rishi Sunak and his cabinet.

Stabilisation of supply chains

The UK has joined the trade union of the fastest growing economic region in the world, which gives it an advantage over other globally oriented economies that also see their chances in increasing trade with this region.

With this accession, the UK economy eases one of the biggest concerns plaguing manufacturers – access to stable supply chains and their diversification.

Some of the most stable alternatives for supply chains that have ties to China and have brought global instability in recent years are in this region.

For example, Chile and Vietnam, because of their growing production of rare metals, as members of the CPTPP are excellent alternatives for the UK industry to suppliers from China.

China has shown unpredictability until now, and the risk of doing business with it could only increase, due to the administrative decisions of the Beijing authorities, such as the restriction of the export of rare metals necessary for the production of semiconductors, starting from August 1.

A voice that will shape the future appearance of the region

The UK economy has joined the open market region at the centre of the Indo-Pacific zone, which will generate as much as 56% of total global growth by 2050. It is a society to which many will gravitate, looking for benefits for their economies, so it is of great importance to have joined it on time.

China is one of the persistent candidates for membership in the CPTPP, even though there is strong opposition to its accession,

particularly from Australia.

With the entry into the CPTPP, the UK will be one of the 12 votes that will decide on the admission of new members, thereby increasing its political influence in the region, which is marked as crucial in British strategic projections for the country's interests after leaving the EU.

In this respect, the UK's accession to the CPTPP coincides with joint political and security strategies with its closest allies, primarily the US, whose goal is to limit China's influence first in the Pacific region and then globally.

Since it is the first member outside the geographical boundaries of the CPTPP, the first European member of this agreement, and its second-largest economy, the UK could be a significant lobbyist for the admission of new members.

In doing so, not only the economic performance of the candidates, and their compliance with the requirements for admission to membership, will be taken into account, but also their comprehensive position on the future of the region, primarily through the prism of curbing Chinese influence.

In this respect, the entry of the UK into the large Pacific free-trade zone goes beyond the initial economic benefits many times over. It is a significant step forward for the UK in the direction defined in the Global Britain strategy, compatible with the interests of the most important British partners in the Pacific region.