



U.K. Signed CPTPP

For Prelims: CPTPP, Brexit, FTA, Indo-Pacific.

For Mains: International Treaties & Agreements

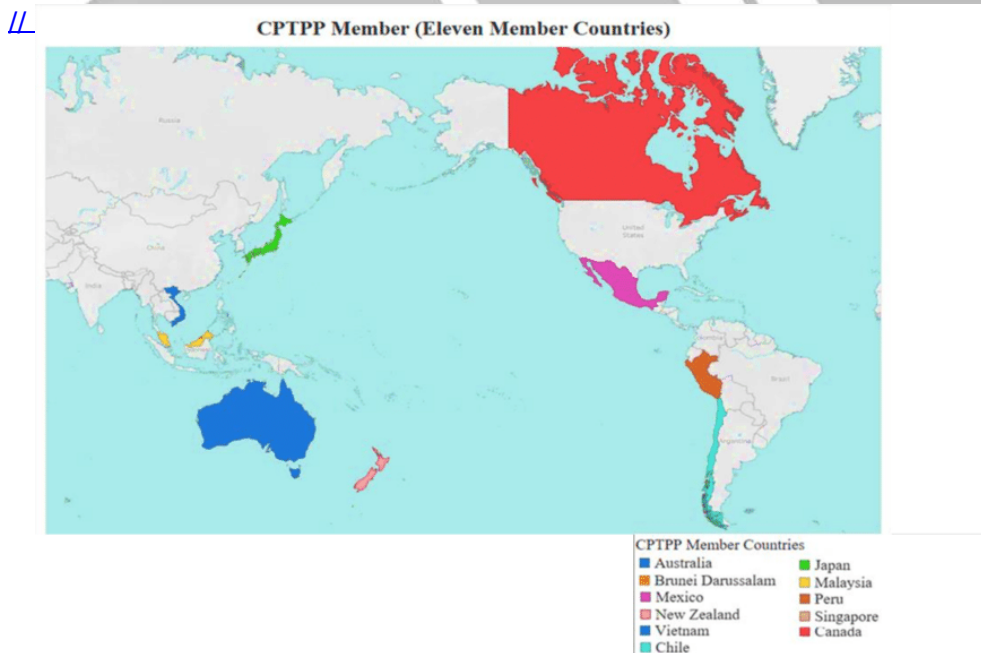
Why in News?

Recently, the U.K. Signed the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#). Prime Minister of U.K cited the agreement's success as an example of "**post-Brexit freedoms**". The agreement will now need to be ratified by Westminster and each of the CPTPP countries.

What is CPTPP?

▪ About:

- The **CPTPP** is a [Free trade agreement \(FTA\)](#) between **Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam.**
- The CPTPP was signed by the **11 countries on 8 March 2018 in Santiago, Chile.**



▪ Background:

- In 2005, a trade agreement between a small group of Pacific Rim countries comprising Brunei, Chile, New Zealand, and Singapore led to the formation of **Trans Pacific**

Partnership (TPP) consisting of 12 nation-states.

- After the withdrawal of the US, **the remaining eleven signatories, known as the TPP-11**, continued talks and their efforts led to the **formation of CPTPP**.
- **Significance:**
 - CPTPP **removes 99% of tariffs on goods and services**, just like the original TPP did, all the member countries have agreed to **cut down on wildlife trafficking**. That helps elephants, rhinoceroses, and marine species the most.
 - It prevents environmental abuses, such as unsustainable logging and fishing. Countries that don't comply will face trade penalties.

Note: All 11 countries of CPTPP are also members of the [Asia-Pacific Economic Cooperation \(APEC\)](#).

What is Brexit?

- **About:**
 - [Brexit](#) refers to the **U.K.'s decision to leave the European Union (EU)**. The country formally left the EU in January 2020, after a referendum in 2016.
- **Impact of Brexit on the U.K.:**
 - The impact of Brexit on the U.K. has been significant. Some of the impacts of Brexit include:
 - Changes in trade policies and tariffs with the EU and other countries.
 - Reduced access to the EU market for U.K. businesses.
 - Increased regulatory burden on U.K. businesses trading with the EU.

What are the Benefits of the CPTPP for the U.K.?

- More than 99% of British exports, including key markets such as cheese, cars, chocolate, machinery, gin, and whisky, **will have zero tariffs**.
- The deal is expected to add GBP 1.8 billion (USD 2.2 billion) annually to the U.K. economy in the long run, a modest boost of 0.08% to GDP.
- The **CPTPP is a "gateway" to the Indo-Pacific region**, which is expected to account for a majority (54%) of global economic growth in the future.
- As a CPTPP member, the **U.K. will have a veto on whether China joins the treaty**. U.K. firms will not need to establish a local office or be resident to provide services and will be able to operate on a par with firms in host countries.

What is India's stand on CPTPP?

- [India did not join CPTPP](#) as it seeks to place greater labor and environmental standards on its other partners and **CPTPP draft includes narrowly detailed qualifications on standards for investment protection, provisions** to protect the host state's right to regulate, and the imposition of detailed transparency requirements.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. With reference to the 'Trans-Pacific Partnership', consider the following statements: (2016)

1. It is an agreement among all the Pacific Rim countries except China and Russia.
2. It is a strategic alliance for the purpose of maritime security only.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2

(d) Neither 1 nor 2

Ans: (d)

[Source: TH](#)

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