

Joint statement on UK participation in the Digital Economic Partnership Agreement (DEPA) and Concerted Open Plurilateralism

We, the signatories below, encourage Her Majesty's Government to (a) seek membership of the Digital Economic Partnership Agreement (DEPA); and (b) to adopt its "Concerted Open Plurilateralism" strategy to UK trade policy more broadly.

The United Kingdom is a trading nation. As we form a new, independent trade policy, we urge HMG to continue to work for global trade liberalisation. It is well known that the multilateral system, the World Trade Organization, is under pressure. We believe that if new agreements cannot be reached with all members of the WTO then the next best alternative is to work with willing partners.

New Zealand, Chile and Singapore have recently reached a Digital Economic Partnership Agreement (DEPA) and we urge the UK government to commit to joining. The UK is a services economy and digital innovator. Digital trade must be a strategic priority. Cross-border data flows grew by 45 times between 2004-2015, such that now digital trade exerts a larger impact on GDP than goods trade.¹ In 2018, digitally deliverable services constituted 50% of the global services exports, amounting to nearly \$3trillion.² Joining DEPA would put us at the forefront of creating appropriate trade enabling rules in this area.

Barriers to digital trade still remain. While most of these exist at the domestic policy level – requiring in-depth regulatory cooperation – trade agreements can form an important part of the story of liberalisation, in part by constructing the architecture that facilitates this regulatory cooperation.

DEPA includes commitments on creating interoperable e-payment and e-invoicing systems; a ban on duties for digital imports; the establishment of privacy principles; and governance cooperation for complex emerging frontiers such as Artificial Intelligence. DEPA is a progressive agreement at the forefront of trade liberalisation in the sector. It will strengthen digital connectivity and e-commerce between members, and it leaves accession open to any WTO member able to meet its standards.

We also welcome the broader trade strategy adopted by these 3 states in constructing DEPA: namely, Concerted Open Plurilateralism (COP), and suggest the UK adopts this. This strategy relies on political entrepreneurship and economic diplomacy to build deep agreements between a few like-minded partners, but in such a way that they are sufficiently open to welcome other WTO members in future (should they meet the relevant standards).

This strategy is also the story behind the success of the CPTPP – the world's third largest trade agreement – and is also the basis for negotiations also involving New Zealand for an Agreement on Climate Change, Trade and Sustainability (ACCTS). We encourage Her Majesty's Government to learn from the successes of this approach.

UK governments of different parties have typically been supporters of free trade as a path to prosperity. We hope this continues now to make the best use of our new powers over trade policy.

Signed:

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¹ <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-globalization-the-new-era-of-global-flows>

² https://unctad.org/en/PublicationsLibrary/der2019_en.pdf