



Department for
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Darren Jones MP
Chair, Business and Trade Committee
House of Commons
London
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Dear Darren,

Update on Trade Agreement Negotiations in May 2023

I am writing to update you on progress made by my department in trade agreement negotiation rounds with Israel, Mexico, and Switzerland during the month of May.

UK-Israel Free Trade Agreement

The second round of United Kingdom-Israel Free Trade Agreement negotiations commenced on 09 May, concluding on 17 May. This round of negotiations was hosted by the UK and conducted in a hybrid manner; a group of Israeli officials travelled to London for in-person discussions, with further officials attending virtually.

Prior to the round, the Secretary of State for Business and Trade, Kemi Badenoch, visited Israel to meet her counterpart, Minister Nir Barkat, to discuss the negotiations and the wider UK-Israel trade and business relationship.

During this round policy officials held text-based discussions, having exchanged draft chapter texts in advance of the round. Technical discussions were held across 30 policy areas and 60 sessions in London. Negotiations covered the breadth of the upgraded agreement.

The ongoing negotiations for a new Free Trade Agreement focused on services and innovation reflect our intention to upgrade the UK-Israel Trade and Continuity Agreement and our trade relationship, worth £7.2 billion in the four quarters to the end of 2022, to support new opportunities under a modern agreement.

UK-Mexico Free Trade Agreement

The third round of UK – Mexico Free Trade Agreement negotiations commenced on 15 May and concluded on 19 May. The negotiations were held in Mexico City in a hybrid fashion, with a delegation of UK officials travelling for in-person discussions and further officials attending virtually.

During the round, officials held discussions across 66 sessions with 39 being held in person in Mexico City. A key objective for the round, at this relatively early stage, was to develop a more in-depth understanding of Mexico's trade policy positions and priorities and move our positions closer together through detailed discussions on treaty text. This was with the intention to create the conditions for closing certain chapters in subsequent negotiation rounds.

An updated trade agreement will strengthen our trading relationship with Mexico, worth over £4.8 billion in the four quarters to the end of 2022. Both countries agree that this is an opportunity to complement and add value to the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

During the same week, my colleague, the Minister for the Americas and Caribbean at the Foreign, Commonwealth and Development Office, David Rutley visited Mexico. Whilst in Mexico City, David (accompanied by the UK's Chief Negotiator, Charlotte Heyes) met with the Mexican Senate's Foreign Affairs Committee. Senators were overwhelmingly positive about the trade relationship between the UK and Mexico. They welcomed the negotiations between the UK and Mexico towards a new trade agreement and were unanimous in their view of the potential to strengthen our economic ties further. They also noted the cultural and social ties that have been the basis for the UK and Mexico's relationship over the last 200 years. They encouraged the UK to develop relationships at Federal and State level to support investment and collaboration across Mexico. Beyond trade, the Committee praised the work of the British Council in supporting education programmes between the two countries, raised the importance of continuing discussions on human rights and expressed a strong desire to build on the long-term relationship with the UK Parliament, including with APPG members, to benefit from our best practice.

UK Switzerland Trade Negotiations

The first round of UK-Switzerland Free Trade Agreement negotiations commenced on 22 May, concluding 2 June. This round of negotiations was hosted by the UK and took place in a hybrid manner; a group of Swiss officials travelled to London for in-person discussions, with some additional officials attending virtually.

Prior to the round, the Secretary of State for Business and Trade visited Switzerland to formally launch negotiations with her counterpart, Federal Councillor Guy Parmelin, where they discussed the significant opportunities an enhanced trade deal presented for both the UK and Switzerland.

During the round, officials held discussions across 30 policy areas and 53 sessions both in person in London and virtually. Chapter negotiators focused their discussions on establishing a more detailed understanding of the outcomes the UK and Switzerland are seeking and began to share early text proposals to work from.

These negotiations demonstrate our shared ambitions to upgrade and future-proof our current trade agreement to reflect the focus of both of our economies by delivering modern provisions for services, which represent 70% of GDP for both our economies, whilst also identifying opportunities to further remove tariff barriers and create commercially meaningful opportunities.

Summary

The Government's decision-making process for future trade deals considers various factors, such as the potential economic advantage, global economic patterns, and the feasibility of securing a high-quality agreement that aligns with the UK's national interests. The final recommendation to Parliament for any agreement will only be made if it is in the best interest of the UK and upholds our rigorous standards.

I value the important role that your Committee, and the International Agreements Committee in the House of Lords, plays in the scrutiny of the Government's ambitious trade agenda. I want to reiterate my Department's pledge to offer the Chief Negotiators' availability to brief the committee, privately, following every significant negotiation round, upon request.

I anticipate discussing these agreements with you in more detail in due course.

Yours sincerely,



Nigel Huddleston MP
Minister for International Trade
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