



Department for  
Business & Trade

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Darren Jones MP  
Chair, Business and Trade Committee  
House of Commons  
London  
SW1A 0AA

31 July 2023

Dear Darren,

### **Update on United Kingdom-Israel Free Trade Agreement Negotiations**

I am writing to provide an update on the progress made in the United Kingdom - Israel Free Trade Agreement negotiations during the month of July.

The third round of United Kingdom-Israel Free Trade Agreement negotiations took place week commencing 23 July. As with previous rounds, this was conducted in a hybrid fashion - UK officials travelled to Jerusalem for negotiations and others attended virtually.

In this round with Israel, we focused primarily on trade in services and procurement, which are key areas not covered by our current trading arrangements under the Trade and Continuity Partnership Agreement. Services comprise around 80% of the UK's economy and around 78% of Israel's, but due to our outdated trading relationship, services only make up just over one third of total trade between us. There is a clear and significant room for growth. Negotiators held text-based and technical discussions across 10 policy areas and 32 sessions in Jerusalem.

The UK considers Israel as a key ally and friend, and the total trade value between us was £7.2 billion in 2022. As two like-minded partners with expertise in areas like technology and innovation, an ambitious deal with services and innovation at its heart will complement both our economies and take our trading relationship to the next level. A strengthened trade deal will capitalize on British strengths and facilitate trade in our internationally recognised services and digital industries.

Both sides continue to work towards an upgraded modern agreement and the fourth round of negotiations with Israel will take place in due course.

The UK will not compromise on any of our longstanding positions on the Middle East Peace Process throughout this negotiation, including with respect to settlements. The UK is clear that under the existing UK-Israel Trade and Partnership Agreement, Israeli goods originating from the State of Israel receive tariff preferences accordingly. Goods originating from illegal Israeli settlements in the West Bank, including in East Jerusalem, are not entitled to tariff

and trade preferences under either the agreement between the UK and Israel, or the agreement between the UK and the Palestinian Authority.

I can confirm that this will not change in the upgraded FTA with Israel. Settlements are contradictory to international law and undermine the prospects for peace.

As mentioned in my previous letters, when making decisions about future trade deals, the Government considers multiple factors, including the potential economic benefits, global economic trends, and the feasibility of reaching a high-quality agreement that aligns with the interests of the UK. The ultimate proposal presented to Parliament will only be endorsed if it is deemed to be in the UK's best interest and upholds our high standards.

I highly appreciate the significant role played by the Business and Trade Committee in the House of Commons in the scrutiny of the Government's ambitious trade agenda. I want to emphasise that the Department is committed to providing the Chief Negotiators for private briefings to the Committee after each major round of negotiations, upon request.

I look forward to engaging in more detailed discussions about these agreements with you in the near future.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Nigel Huddleston', written in a cursive style.

**Nigel Huddleston MP**  
Minister of State for International Trade  
Department for Business and Trade