

# UK-Japan trade deal offers boost to Welsh businesses

Welsh lamb, Conwy mussels and Anglesey sea salt are among 15 iconic Welsh products that could be protected in Japan for first time as part of the UK-Japan trade deal.

The UK-Japan Comprehensive Economic Partnership Agreement was agreed in principle by International Trade Secretary Liz Truss and Japan Foreign Minister on a video call this morning (Friday 11 September). It is the UK's first major trade deal outside the EU.

The deal secures additional benefits beyond the EU-Japan trade deal, including a way for Welsh products to be officially recognised. By increasing geographical indications (GIs) from just seven under the terms of the EU-Japan deal to potentially over 70 under the UK-Japan agreement, this would lead to improved recognition of key UK brands in the Japanese market.

Products that could benefit from the new arrangements are: Welsh lamb, Anglesey sea salt, Carmarthen ham, Conwy mussels, Pembrokeshire early potatoes, Traditional Welsh Caerphilly, Traditional Welsh cider, Traditional Welsh perry, Vale of Clwyd Denbigh plum, Welsh laverbread, Welsh beef, Welsh regional wine, Welsh wine, West Wales coracle caught salmon, West Wales coracle caught sewin.

Rhug Estates is one Welsh farm keen to export its Welsh lamb to Japan. One of the biggest organic farms in Wales, its commitment to farming methods which embrace the highest animal welfare standards has led to exporting success around the world, in countries such as Singapore, Hong Kong and the UAE.

The Welsh Lamb brand is globally recognised for its premium quality, and Rhug Estates is the only UK farm to have been granted a royal warrant.

## **Rhug Estates Owner, Lord Newborough, said:**

Our organic Welsh meat is used in Michelin-starred restaurants, and renowned for its quality around the world.

Japan is a market of interest to us, having the second highest number of Michelin stars and strong market demand for Welsh lamb and chicken.

We would welcome a UK-Japan trade agreement which will make it easier for us to trade there.

A deal could increase UK trade with Japan by £15.2 billion, giving a £1.5 billion boost to economy and increasing UK workers' wages by £800 million in

the long run. This will benefit the 277 businesses in Wales that exported to Japan last year and help even more local businesses to sell their goods to Japan for the first time.

The removal of several trade barriers aims to assist the UK's 8,000 SMEs already exporting goods to Japan, by offering tariff-free trade on 99% of UK exports to Japan.

Other key benefits of the deal include:

- Cutting-edge digital & data provisions that go far beyond the EU-Japan deal, including enabling free flow of data, a commitment to uphold the principles of net neutrality and a ban on data localisation that will prevent British businesses from having the extra cost of setting up servers in Japan.
- Improved market access for UK financial services – including greater transparency and streamlined application processes for UK firms seeking licences to operate in Japan. The deal creates an annual dialogue between Her Majesty's Treasury, UK financial regulators, and the Japanese FSA that will explore ways to further reduce regulatory friction – something that would be impossible were the UK still in the EU.
- New protections for UK creative industries – British businesses can now be confident that their brands and innovations will be protected. We have gone beyond the EU on provisions that tackle online infringement of IP rights, such as film and music piracy.
- Strong tariff reductions for pork and beef exports – we have negotiated a deal that sees tariffs fall on pork, beef, salmon and a range of other agricultural exports. We will continue to benefit from access to the low tariffs for key food and drink products covered by quotas, such as Stilton cheese, tea extracts and bread mixes. This forms a pathway to further market access under CPTPP, which has been committed to by Japan as part of our agreement.

## **International Trade Secretary Liz Truss said:**

This is a historic moment for the UK and Japan. This is our first major post-Brexit trade deal and it goes far beyond the existing EU deal by securing new wins for British businesses including in our great manufacturing, food and drink, and tech industries.

From our Welsh lamb and Pembrokeshire early potato farmers to our Traditional Welsh cider breweries, this deal will create new opportunities for people throughout Wales and help level up the whole of the UK.

Strategically, the deal is an important step towards joining the Trans-Pacific Partnership and placing Britain at the centre of a network of modern free trade agreements with like-minded friends and allies.

This is the first step towards the UK's aim to become a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which will open up 11 key Pacific markets for exporters, reducing tariffs for UK business (95% of goods traded between members are tariff-free).

## **Secretary of State for Wales Simon Hart said:**

This deal is a huge step forward for the UK's trading relationship with Japan and will benefit businesses in every corner of Wales. It improves access to vital markets for a wide range of industries including financial services, food and drink and the creative sector in which Welsh companies are leaders.

Whether it is Anglesey sea salt, West Wales Salmon, or plums from the Vale of Clwyd, it will be fantastic to see some of the finest Welsh produce on the tables of Japanese households for many years to come.

One Welsh business already experiencing success in the Japanese market is the Penderyn Distillery, which exports its Penderyn Single Malt Whiskies, Brecon Gin and Brecon Five Vodka to a number of premium retailers and venues in the country via Japanese partner Axas Corporation. The Penderyn Distillery exports around 35% of its premium spirits worldwide and over the last two years it has exported over £100,000 worth to Japan. The company employs 65 members of staff from its site on the southern tip of the Brecon Beacons, chosen because of its supply of fresh natural spring water. Penderyn's single malt whisky is produced on its unique Penderyn Faraday whisky stills.

## **Stephen Davies, Chief Executive of the Penderyn Distillery, said:**

Our spirits are attracting growing attention on the world stage which is underpinned by the quality of what we produce here in Wales.

Japan is a very premium and important market for our spirits, especially single malt whisky, where it is very much a priority market for the future.

We are building the brand with growing reputation in what is a very sophisticated spirits market.