

UK launches Israel talks to boost trade between services superpowers

- Negotiations launched in London to upgrade trading relationship already worth £5 billion and supporting 6,600 UK businesses.
- UK services and digital sectors in line to reap the rewards of a fresh, modern agreement.
- Deal will put innovation at its heart, creating new opportunities for tech firms and professional services.

UK tech firms and services companies are set to benefit from a [future UK-Israel trade deal](#), that will seek to establish a modern, revamped trading relationship between two of the world's services superpowers.

International Trade Secretary Anne-Marie Trevelyan will launch negotiations today [20 July] between the UK and Israel for a new, innovation-focused Free Trade Agreement (FTA).

Israel has one of the fastest growing economies in the world and their demand for digital products and services is expected to grow rapidly. The UK's existing bilateral FTA with Israel contains no specific provisions on services, creating a huge opportunity to enhance the agreement.

This includes boosting UK services exports to Israel by up to £78 million, from insurance to computer and technology services, supporting jobs and growing high-tech industries by reducing barriers to trade.

A new upgraded deal would expand a trading relationship already worth £5 billion a year. It could benefit 6,600 UK businesses, including 5,600 small and medium-sized enterprises, employing over 1.7 million people in 2020, who are exporting their goods to Israel by reducing trade barriers.

International Trade Secretary, Anne-Marie Trevelyan said:

The UK and Israel are both modern, hi-tech services superpowers, but our current trading relationship is based on an agreement from 1995, before smartphones, the internet, and digitally delivered services transformed the global economy.

We want a deal that will play to British strengths, while stimulating innovation and increasing opportunities for small and medium-sized enterprises across the UK. Combining the power of our economies in a revamped trade deal will boost trade, support jobs and help take our economic relationship to the next level.

The Secretary of State will meet Israel's Ambassador to the UK Tzipi Hotovely to launch the talks in London.

A bold new modernised deal could also provide greater economic opportunities for exporters across the UK regions and nations, including LEVC's iconic electric black cabs in Coventry, Tomatin Distillery in Scotland, and Concrete Canvas in Wales.

Trade Strategy Partner for EY, Sally Jones said:

EY welcomes the intention to upgrade the Free Trade Agreement between the UK and Israel. This is an opportunity to put services, digital technology and innovation at the heart of the UK and Israel's already-strong trading relationship. Both the UK and Israel are known for their vibrant tech and fintech sectors, which will both benefit from this new deal.

The UK's world leading professional and business services sector is an unrivalled ecosystem which boosts competitiveness and facilitates international trade. With the opening-up of new trade and investment opportunities, businesses need to be looking at their trade strategies now to be able to seize these opportunities and drive economic prosperity.

Head of Tax and Trade Policy for Deloitte UK, Amanda Tickel said:

We welcome negotiations between the UK and Israel on an enhanced FTA, which could take our bilateral trade and investment relationship to a new level.

Both the UK and Israel are services-led economies with highly successful tech sectors, yet the existing terms of trade contain only limited provisions in these areas. This negotiation represents an exciting opportunity for UK services exporters, making it easier to trade across borders, to travel and work in each economy and support our digital innovators.

UK Managing Director at eToro, Daniel Moczulski said:

We are immensely proud of the journey that eToro has been on over the past 15 years, from an ambitious start-up in Tel Aviv to a thriving global brand and the world leading social investment network, with over 27 million registered users in more than 100 countries. A crucial part of this journey was eToro's arrival in the UK, a market which has always encouraged innovation in the financial sector.

The UK market has become incredibly important to eToro's business, and we are lucky to have a very talented team in London serving a large number of UK retail investors – we welcome the launch of UK-Israel trade talks to create more opportunities for innovators in

both the UK and Israel.

Notes to editors

- In 2020, around 325 Israeli-owned businesses operating in the UK employed more than 7,000 people across the country. Its services sector has grown by over 45% in the last decade, and Israel's total imports are expected to double by 2035.
- In the Northwest alone, over 1,300 businesses exported goods to Israel in 2020, with regional exports totalling £125 million in 2021. London exported goods to Israel worth £265 million in the same year, while Scotland, Wales and Northern Ireland exported £92 million, £66 million, and £24 million of goods respectively.
- In 2020 the size of Foreign Direct Investment (FDI) from the UK in Israel was £1bn. Over the past 10 years 80% of UK outward FDI projects in Israel were in financial services, professional services and ICT & electronics.
- The FTA will complement the new UK-Israel Bilateral Roadmap, which promises to transform our relationship in the years ahead. We have agreed to work together on a new strategic plan spanning many areas of mutual interest such as science, innovation, defence, health, development, and climate change.
- Israel is also the global leader in R&D expenditure as a proportion of national income, spending almost 5% of GDP on it. And more international money than ever is flowing into UK tech – £29 billion in 2021.
- By the end of last year, the UK boasted no fewer than 115 tech unicorns, while Israel's 53 tech unicorns and start-ups secured £18.5 billion of new funding in 2021. This has helped companies such as tech unicorn eToro to thrive in British markets.