

# UK prepares to launch new trade deal negotiations with Canada and Mexico

The UK is to begin negotiations for upgraded trade deals with Canada and Mexico this year focused on creating even greater opportunities for UK businesses in industries of the future such as digital, data and services.

A call for input will ask for views from the public, businesses and other stakeholders on what the UK's ambitions should be for these free trade agreements.

Building on the deals signed in 2020, which secured tariff-free exports on 98% and 88% of goods to Canada and Mexico respectively, this next generation of trade deals will be better tailored to the UK economy and provide the opportunity to set new benchmarks in areas like digital trade, climate and women's economic empowerment.

Last year the UK exported goods and services worth over £2 billion to Mexico and over £11 billion to Canada. Overall trade with Canada and Mexico was worth £22.8bn and £5.1bn respectively in 2019.

A new trade deal with Mexico will support jobs and opportunities across the UK in industries like digital, data and services, while an improved UK-Canada trade agreement will support British jobs in areas such as car manufacturing and food and drink.

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

Now we have left the EU we are free to sign the next generation of British-shaped trade deals with free-trading nations, securing our economic ties with economies of the future.

This next generation of deals will be trail-blazing, securing more access for British goods and services, which will support jobs and prosperity across the UK in industries that will shape the future of the global economy. They will also serve as a key building block to CPTPP, as the UK pivots towards the Asia-Pacific.

We want these deals to be pioneering in digital and services trade, and bolder in our commitments to the environment.

## **Lord Karan Bilimoria, CBI President, said:**

As the UK seeks to strengthen its trade and investment links with Mexico and Canada, input from business will be crucial to ensure these deals serve as a vehicle for economic growth. Creating high-value jobs in key growth industries from fintech to e-commerce will

help all our countries build forward.

Business will provide on the ground intelligence and expertise the Government needs to negotiate successfully, helping the UK realise it's full trading potential.

In 2020 the UK, Canada and Mexico committed to exploring new deals that go much further than existing rollover agreements. The UK's intention to strike these new deals signals our ambition to boost trade with the economies of the future.

Currently the 15th largest economy in the world and home to over 130 million consumers, in 2017 PwC forecast that the Mexican market could become the 7th largest economy in the world by 2050. The Mexican government procurement market is estimated by the OECD to be worth some \$119.5 billion in 2017. A new trade deal provides an opportunity to open up more tenders to UK bidders, make it easier for UK firms to bid for Mexican government contracts at a Federal and State level.

Canada is currently the 9th largest economy worldwide, offering significant opportunities for UK businesses in industries including automotive manufacturing and food and drink.

Forging stronger trade links with Canada and Mexico will also support the UK's ambition to join the Trans-Pacific Partnership (CPTPP), as they are both members. CPTPP is a group of economies around the Pacific with a collective GDP of almost £9 trillion in 2019, and joining will help open up a new horizon of opportunities for British businesses, particularly in services and digital and data provisions.

Negotiations are already under way with other CPTPP members New Zealand and Australia, and the UK agreed a deal with Japan last year.

The call for input will last for eight weeks, giving businesses, interest groups and members of the public the opportunity to highlight their priorities for these potential future agreements.

The responses will help inform the UK's position as it prepares for detailed negotiations later this year.

### **Notes to editors:**

- More information on the UK-Canada Trade Continuity Agreement <https://www.gov.uk/guidance/summary-of-the-uk-canada-trade-continuity-agreement> and the UK-Mexico Trade Continuity Agreement <https://www.gov.uk/government/publications/ukmexico-trade-continuity-agreement>
- The call for input will run between 18 May and 12 July, and is available on gov.uk [here](#)
- The UK government will continue to engage sectors and stakeholders in ongoing discussions to gather views.
- Total UK exports to Mexico were £2.5 billion in 2019

- Total UK exports to Canada were £11.4bn in 2019
- Sources of statistics: ONS UK Trade, all countries, non-seasonally adjusted, Q3 2020 ; ONS UK Economic Outlook, Q4 2020; IMF World Economic Outlook: April 2021 ; Mexican Census 2021 ; OECD GDP long-term forecast; PwC "Our World in 2050" (published 2017); OECD Government at a Glance – 2019 edition for procurement totals in USD at PPP.