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UK launches negotiations with Canada on a new, modernised trade deal

International Trade Secretary visits Ottawa to officially launch negotiations

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The UK and Canada will today launch negotiations on a new Free Trade Agreement in Ottawa.

International Trade Secretary Anne-Marie Trevelyan will meet with her counterpart, Canadian Minister for International Trade, Export Promotion, Small Business and Economic Development Mary Ng to formally launch talks that aim to bring benefits for both countries and strengthen a trading relationship already worth over £19 billion in 2020.

Building on the benefits of the UK-Canada Trade Continuity Agreement, the new Free Trade Agreement will go further than ever before in areas like innovation, digital, data, the environment and women's economic empowerment.

For example, the adoption of digital trading systems can make trade cheaper, faster and more secure for businesses. This could see more than 10,000 UK small and medium-sized businesses benefiting from lower barriers to trade such as simplified paperwork, encouraging more businesses to start trading with Canada.

The UK is Canada's third largest trading partner and Canadian demand for imports is projected to grow by 45% by 2035. Canadian-owned businesses employ 108,000 people across the UK and additional investment resulting from a new deal could support jobs across the country and help level up the UK.

International Trade Secretary Anne-Marie Trevelyan said:

"The UK and Canada are close friends and international allies who believe in the value that free and fair trade brings to livelihoods and communities.

Our trading relationship with Canada was worth over £19 billion a year in 2020 and there is huge potential to strengthen and grow trade between our two countries. We want a new deal for the

21st century – one that will boost our thriving services sector, promote higher standards of living and act as a beacon for others to follow in its world-leading commitments on climate change and women’s economic empowerment.”

A new UK-Canada FTA could bring benefits including:

- Boosting the UK’s world-renowned services sector by making it easier for services providers to trade in Canada, benefiting areas such as research and development, legal services, and finance. The UK is the second-largest exporter of services in the world, with services accounting for almost half (48%) of UK exports to Canada in 2020.
- Reducing barriers for goods exporters such as the processes and administration that disproportionately affect SMEs. Goods exports to Canada were worth £6.1 billion in 2020. Reducing these barriers can help businesses make the most of existing preferential tariffs.
- Stimulating more Canadian investment in the UK, supporting jobs across the country. Over 108,000 people were employed by Canadian companies in the UK in 2019.
- Helping women access the full benefits of trade. In the UK, up to £250 billion could be added to the UK economy if women scaled businesses up at the same rate as men. A UK-Canada deal will seek to promote opportunities for women and break down barriers.
- Enhancing cooperation on tackling climate change by promoting green trade and supporting commitments including those in the Paris Agreement.

Negotiating a new agreement with Canada is also a vital part of our plan to build new trade routes for the UK’s services and digital economies and to refocus British trade on the faster-growing parts of the world. This includes our accession to CPTPP, a vast free trade area populated by half a billion people and with a joint GDP of £8.4 trillion in 2020.

Martin McTague, Federation of Small Businesses National Chair, said:

“The launch of these trade talks marks a really important step forward.

A third of our members who export see Canada as an important market, and they’ll be hoping that these discussions result in an ambitious free trade agreement that enables more small businesses from both sides of the Atlantic to realise the benefits of trading internationally.

A dedicated SME chapter should be placed at the heart of any future agreement to ensure that small businesses can make best use of the FTA’s provisions.”

Sally Jones, EY Partner in Trade Strategy, said:

“Negotiations to upgrade the UK-Canada trade relationship are a welcome step which will enhance the deep and long-standing ties between the UK and Canadian business communities. This is a significant opportunity to agree new and ambitious trade provisions which will benefit the UK services sector.

Enhanced cooperation fostering greater regulatory dialogue and cooperation, and enhancing cross-border digital trade and innovation can help the UK continue to be a leading provider of services around the world.”

Jerry Lawson, Founder, Frog Bikes, said:

“As a British manufacturer we always look to find ways to grow our sales and promote our British brand. Canada and the UK share many similarities including the love of sports. Since Frog Bikes launched in Canada, we have seen a steady growth in the sales of our bikes, as the market has enjoyed the benefits of our lightweight bikes.

The introduction of an upgraded Free Trade Agreement between the two countries will make it far easier to sell Frog Bikes in Canada as well as removing any non-financial barriers thereby speeding up the time taken to put our bikes in the hands of Canadian stores selling to the parents and children in Canada.”

The first round of negotiations is expected to start next week. Ahead of the launch, the Secretary of State will co-chair the UK-Canada Trade Continuity Agreement (TCA) Joint Committee meeting to reflect on the progress made in areas such as trade and sustainable development one year since the agreement came into force.

During her first visit to Canada in her role as International Trade Secretary, she will also visit Toronto to meet with UK and Canadian businesses based in the city.

She is expected to meet with a range of Canadian pension funds, including CPP Investments, which has invested nearly £15 billion into the UK. She will also celebrate the consortium partnership, MCS, between British firm, Mace and two Canadian companies, Comtech and SYSTRA Canada, on one of the country’s most ambitious rail infrastructure programmes.