



Department for Business & Trade

Gareth Davies
Permanent Secretary
Department for Business and Trade

Old Admiralty Building
London
SW1A 2BL

perm.sec@trade.gov.uk

Dame Meg Hillier MP,
Chair of the Public Accounts Committee
House of Commons
London
SW1A 0AA

28 March 2023

Dear Dame Meg Hillier,

PUBLIC ACCOUNTS COMMITTEE: PROGRESS OF TRADE NEGOTIATIONS (RECOMMENDATION 1)

I am writing to you following the Public Accounts Committee report 'Progress of Trade Negotiations' published in March 2022. The Department for International Trade, now the Department for Business and Trade (DBT), responded to each of the recommendations made in the report in May 2022 and provided a further update to you in November 2022.

You asked us to write to the Committee within 12 months to update on progress including:

- i) progress against the overall target and an updated plan for the future programme;
- ii) progress in securing state level market access agreements and their potential value; and
- iii) impact on the agriculture sector and the UK economy versus forecast from the ending of the US ban on UK beef and lamb imports.

Our formal response on each of these points is set out below.

Progress against the overall target and an updated plan for the future programme:

The countries with which the government has agreed free trade agreements (FTAs) to date accounted for 63% of the UK's bilateral trade in 2021. The ambition to secure 80% of trade with bilateral trade deal partners at the end of December 2022 was not met, given the Biden administration has taken a different approach to FTAs, effectively pausing those negotiations. The US is our largest trading partner with 16.9% of our total global trade in 2021. We stand

ready to progress an FTA when the US is ready. The Department has put the UK at the centre of a network of modern deals spanning the Americas and Indo-Pacific. In 2022, we signed the UK-New Zealand Free Trade Agreement - the UK-Australia FTA was signed in December 2021 - and we are working to bring these agreements into force as soon as possible. We also entered into force in June 2022 our Digital Economy Agreement with Singapore, and we signed the Ukraine Digital Trade Agreement this month. The Department is currently negotiating to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and new bilateral FTAs with India, the Gulf Cooperation Council (GCC) and Greenland. Additionally, the Department is negotiating updated agreements with Canada, Mexico, and Israel. Preparations are underway to launch negotiations to update the agreements with Switzerland and South Korea.

Progress against securing state level market access agreements and the potential value of these:

There is much we can do to open market opportunities and grow our bilateral trade outside of an FTA. In the past year we have successfully secured the removal of Section 232 tariffs on UK steel and aluminium and the long-standing US ban on the import of British lamb and beef. Since the last update to the Committee, we have held two US-UK Small and Medium Enterprises (SME) dialogues in Boston and Edinburgh. The government has also secured Memoranda of Understanding (MoUs)¹ on trade and economic cooperation with Indiana, North Carolina, and South Carolina and is actively engaging with further states including Oklahoma, Utah, Texas, and California.

On 16 February, I was also proud to host the signature event for the mutual recognition agreement (MRA) on architectural qualifications between the Architects Registration Board (ARB) and their US counterpart, the National Council of Architects' Registration Boards (NCARB). This landmark agreement – the first ARB has ever concluded – makes it easier for eligible architects to register to work in each country, helping the UK's world-class architects export their expertise across the Atlantic. The ARB has subsequently signed (15 March) another MRA, this time with Australia and New Zealand. This tripartite MRA, which will complement our FTAs, streamlines the process for UK architects to be recognised by reducing costs and examination procedures (and vice-versa).

Impact on the agricultural sector and the UK economy versus forecast from the ending of the US ban on beef and lamb imports:

The ending of the bans on UK beef and lamb exports to the US is estimated by the Agriculture and Horticulture Development Board to be worth £66 million and £37 million of export opportunities respectively over the first five years. In October, British lamb was exported to the USA for the first time in over twenty years, opening a market of over 300 million consumers to high-quality, British lamb. The government's US Agri Food Attache has been in post since early February and will continue to support industry in delivering on the potential for British beef and lamb. To date, two food business operators have been approved for lamb exports and four food business operators for beef exports. The department

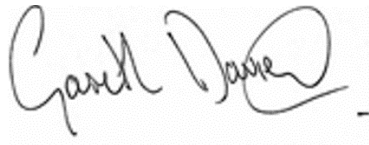
¹ Memoranda of Understanding (MoUs) with US states are arrangements that establish a framework for economic cooperation – which highlight areas of mutual interest, and act as catalysts for future work with our state counterparts. However, MoUs are not legally binding, or equivalent to a free-trade agreement.

hosted a reception at the North American Meat Institute's Annual Meat Conference at the beginning of March 2023, supporting AHDB (Agriculture and Horticulture Development Board) to showcase the high quality and sustainability of our red meat. Our presence showcased UK beef, lamb, and pork to high-profile US industry delegates, including top retailers. The department works closely with the AHDB on market access and trade promotion activities, promoting UK red meat in the USA and around the world. The department will make use of trade data, as it becomes available, to understand the export trends over time.

I hope the above information answers any outstanding concerns. Please let me know by reply if there is any further information the department can provide on them.

I am copying this letter to the Comptroller and Auditor General, the Treasury Officer of Accounts, the Permanent Secretary at Defra, the Chair of the International Trade Committee and the DG Trade Negotiations at DIT.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gareth Davies', with a stylized flourish at the end.

GARETH DAVIES