

UK-GCC trade deal could add £130m to Welsh economy says Government

A new trade deal between the UK and the Gulf could add around £130m to the Welsh economy, the UK Government has said as negotiations begin today.

The UK Government has said a deal would open the door to increased investment from the Gulf, supporting and creating jobs across Wales and the rest of the UK.

It also said Welsh companies like Newport-based solar panel manufacturer and exporter BIPVco could see a boost from a Free Trade Agreement (FTA) that promotes green trade with the Gulf.

Last year, goods worth £493m were exported from Wales to the GCC countries with key exports including machinery, electronic equipment and cereals.

Power generating machinery make up 57% of Welsh goods exports to the GCC.

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Discussions for a free trade agreement between the UK and member countries of the Gulf Cooperation Council (GCC) are taking place today in Riyadh, Saudi Arabia.

The Secretary of State for International Trade Anne-Marie Trevelyan will meet the GCC Secretary General, Dr Nayef Falah M. Al-Hajraf, and her counterparts from all six GCC countries, made up of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

If successful, Westminster has said the trade deal could be worth £1.6 billion more a year to the UK economy and boost the Welsh, Scottish and Northern Irish economies by almost £500m collectively.

It is the fourth set of FTA negotiations launched by the Trade Secretary this year, following visits to begin talks in India in January, Canada in March, and the launch of negotiations with Mexico last month.

The Trade Secretary said: "Today marks the next significant milestone in our 5-star year of trade as we step up the UK's close relationship with the Gulf.

"Our current trading relationship was worth £33.1 billion in the last year alone. From our fantastic British food and drink to our outstanding financial services, I'm excited to open up new markets for UK businesses large and small, and supporting the more than ten thousand SMEs already exporting to the region.

"This trade deal has the potential to support jobs from Dover to Doha, growing our economy at home, building vital green industries and supplying innovative services to the Gulf."

Secretary of State for Wales Simon Hart said: "The Gulf can be a key market for our most innovative Welsh businesses and a new trade deal has the potential to create huge opportunity in a dynamic business landscape.

“The UK Government will continue to help Welsh business by opening up new markets and cutting red tape on our goods and services.”

Stephen Phipson, chief executive of Make UK, the manufacturers’ organisation, said: “We welcome the launch of free trade negotiations with the Gulf Co-Operation Council, strengthening trade opportunities which will ensure that British manufacturing benefits from future positive flows of goods and services into the Gulf region.

“It is also extremely helpful that the UK and GCC are committed to work towards seeking the opportunities from ‘green innovation’, which will bring significant opportunities for Britain’s innovative renewable energy companies which are already leading the way in this area of global concern. We look forward to working with government to make sure manufacturers large and small are able to benefit from the business possibilities this deal will open up.”

The GCC is equivalent to the UK’s seventh largest export market, and total trade was worth £33.1 billion in 2021. Only the US and China buy more UK goods and services.

Around 10,700 small and medium-sized businesses in the UK exported goods to the GCC in 2020, with SMEs accounting for more than 85% of total UK goods exporters to Qatar, Saudi Arabia and the UAE.

UK firms have £13.4 billion invested in GCC economies and GCC firms have £15.7 billion invested in the UK as of 2020.

The UK is the second largest services exporter in the world and service exports to the GCC were worth £12.1 billion last year.

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