

## **Towards a State-of-the-Art UK-Canada Free Trade Agreement**

As Canada and the United Kingdom negotiate a new FTA to replace the Trade Continuity Agreement, they have a unique opportunity to establish a new global benchmark for a modern, comprehensive trade agreement, with technology and innovation at its heart. We recognize that this transition comes at an especially difficult time and fully appreciate that the first priority of both the Canadian and the UK governments is to solve the cost-of-living crisis and ensure economic growth and prosperity. We stand ready to continue to work with policymakers in support of those efforts and offer this paper in that spirit, as we believe that modernized digital trade provisions – which benefit both trade in goods and trade in services – can help tackle those challenges.

Canada and the UK are significant partners in services trade, the majority of which are digitally-delivered. UK services exports to Canada amount to £6.7 billion, while Canada's services exports to the UK have been increasing steadily to £2.4 billion<sup>1</sup>. A wide range of companies in both economies are at the forefront of embracing new technology to facilitate trade across a wide range of economic sectors. An agreement reflecting commercially meaningful digital trade provisions and regulatory cooperation will set the stage for technology and innovation to flourish across the Atlantic.

[TECHNATION Canada](#) and [techUK](#) are pleased to partner up in offering our priority recommendations for a Canada-UK Trade FTA that provides a model for the modern economy. The UK and the Canadian governments share an ambition to conclude a state-of-the-art agreement on digital trade that breaks new ground and sets a new path for future international trade. To achieve this level of ambition, a Canada-UK Trade Agreement must incorporate the modern principles of digital trade, in particular, those that:

- **Strengthen data flows and prohibit data localization;**
- **Prohibit tariffs and customs formalities on electronic transmissions and enshrine non-discriminatory treatment of digital products;**
- **Ensure protection of personal data, taking into account best international practices for privacy and interoperability;**
- **Expand good regulatory practices for digital trade, as well as regulatory cooperation, including as a means to promote emerging technologies like AI and machine learning;**

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<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1117701/canada-trade-and-investment-factsheet-2022-11-18.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1117701/canada-trade-and-investment-factsheet-2022-11-18.pdf)

- **Promote governmental cooperation and risk-based approaches to cybersecurity;**
- **Prohibit requirements to disclose source code, algorithms, and proprietary information relating to cryptography;**
- **Establish limitations to intermediary liability for users and suppliers of interactive computer services to support and safeguard digital supply chains, while creating the mechanisms for regulatory cooperation on creating safe and secure online spaces.**
- **Facilitate access to and use of open public data in minable, machine-readable formats to spur adoption of AI and other emerging technologies;**
- **Enshrine acceptance of electronic contracts, electronic trust services (e.g. electronic signatures and electronic seals) and electronic authentication, and invoices;**
- **Establish commitments to advance the interoperability of digital identities and further support their development through regulatory dialogues;**
- **Encourage cooperation between standards bodies in Canada and the UK to promote the development, use and adoption of international standards to support digital trade;**
- **Use digital trade provisions to support effective climate action and smooth the path to the adoption of climate mitigating technologies;**
- **Include an innovation chapter to create further opportunities for cooperation in science and technology; and**
- **Establish commitments on digital inclusion, addressing barriers in accessing and benefiting from opportunities, in particular for women and other equality-seeking groups who face disproportionate barriers to digital trade.**

We look forward to partnering with both governments as they work toward a trade agreement that has the potential to break new ground for innovation and digitalisation.

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[\*\*TECHNATION Canada\*\*](#) is the authoritative national voice for Canada's \$230 billion information and communications technology (ICT) industry, and has been the industry-government nexus for technology prosperity in Canada. As a member-driven, not-for-profit, vendor-neutral TECHNATION unites Canada's technology sector, governments, and communities to contribute to a more productive, competitive, and innovative economy and society. Our membership ranges from large multinational platforms, to leading Canadian internet-service providers (ISP) to cutting edge domestic tech companies.

[techUK](#) is the trade association which brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve. With around 900 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet. By providing expertise and insight, we support our members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.