



Department for International Trade

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Dear Angus,

The UK recently launched negotiations for an upgraded Free Trade Agreement (FTA) with Israel and round one of talks took place between 12th and 20th September. Our existing UK-Israel Trade and Partnership Agreement is based on an EU agreement from 1995; we want a new agreement focused on services, innovation and technology, to take our trading relationship to the next level.

The existing UK-Israel Trade and Partnership Agreement was one of the first trade continuity agreements signed, on 18 February 2019. It entered into force on 1 January 2021 and ensures tariff free trade on 99% of the value of goods traded between our countries. While the upgraded agreement is being negotiated, it is important that the existing agreement functions smoothly, in order to preserve and grow our £5bn trading relationship.

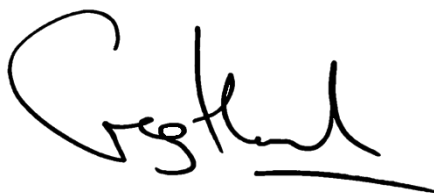
The UK and Israel have sought to reassure businesses that extended cumulation with EU components applies, by agreeing a technical clarificatory amendment. The mechanism of extended cumulation allows EU components to be treated as UK originating for the purposes of receiving tariff preferences when proving the originating status of UK exports, as long as the agreement's Rules of Origin requirements are met.

It is important that DIT is able to manage and maintain FTAs to ensure that businesses and consumers can benefit from their smooth operation. This amendment is a clarification of the current functioning of the treaty; it does not place new binding obligations on the UK and therefore is not subject to the Constitutional Reform and Governance process. I have attached a copy of the decision for the Committee's information.

Upgrading our trade deal with Israel will help unlock a stronger, more advanced partnership between two of the world's most dynamic and innovative economies.

We look forward to further discussions with the Committee throughout these negotiations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Greg Hands', with a horizontal line underneath the name.

THE RT HON GREG HANDS MP
Minister of State for Trade Policy
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