



HOUSE OF LORDS

International Agreements Committee

15th Report of Session 2022–23

**Scrutiny of
International
Agreements:
UK-Ukraine Tariff
Liberalisation
Agreement**

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International Agreements Committee

The International Agreements Committee is appointed by the House of Lords in each session to consider matters relating to the negotiation, conclusion and implementation of international agreements, and to report on treaties laid before Parliament in accordance with Part 2 of the Constitutional Reform and Governance Act 2010.

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The Members of the International Agreements Committee are:

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[Lord Geidt](#)

[Baroness Hayter of Kentish Town](#) (Chair)

[Lord Howell of Guildford](#)

[Lord Kerr of Kinlochard](#)

[Baroness Kingsmill](#)

[Lord Marland](#)

[Lord Morris of Aberavon](#)

[Lord Razzall](#)

[Earl of Sandwich](#)

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[Lord Watts](#)

Declaration of interests

See Appendix 1.

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CONTENTS

	<i>Page</i>
Summary	2
Agreement reported for information	3
Agreement No. 1 in the form of an Exchange of Letters between the United Kingdom of Great Britain and Northern Ireland and Ukraine to amend the Political, Free Trade and Strategic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine.	3
Background and Content	3
Entry into force, duration, territorial scope and consultation	4
Appendix 1: List of Members and declarations of interest	5

SUMMARY

This report considers the following agreement laid before Parliament in accordance with section 20 of the Constitutional Reform and Governance Act 2010 (CRAG):

- Agreement No. 1 in the form of an Exchange of Letters amending the Political, Free Trade and Strategic Partnership Agreement between the United Kingdom and Ukraine (CP778).

A 2021 Partnership Agreement with Ukraine liberalised UK-Ukraine trade but retained tariffs on some products. The Exchange of Letters removes these tariffs as part of the UK's economic support package to Ukraine following Russia's invasion. The tariff liberalisation took effect in May 2022, although the Exchange of Letters has only now been laid before Parliament. The removal of tariffs is temporary and will last for 12 months with the possibility of extension.

We report this agreement to the House for information.

Scrutiny of International Agreements: UK-Ukraine Tariff Liberalisation Agreement

AGREEMENT REPORTED FOR INFORMATION

Agreement No. 1 in the form of an Exchange of Letters between the United Kingdom of Great Britain and Northern Ireland and Ukraine to amend the Political, Free Trade and Strategic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine (CP 778, 2023)¹

1. The Exchange of Letters was laid on 23 February 2023. The scrutiny period is scheduled to end on 29 March 2023.

Background and Content

2. The Political, Free Trade and Strategic Partnership Agreement between the United Kingdom and Ukraine (the Partnership Agreement) entered into force on 1 January 2021². The Partnership Agreement liberalises trade between the United Kingdom and Ukraine but retains tariffs and tariff rate quotas (TRQs) for certain products. Following Russia's invasion, the Government offered economic support to Ukraine, including a proposal to liberalise all tariffs on goods originating in Ukraine. At Ukraine's request, the Government agreed to implement this on a reciprocal basis.
3. The Exchange of Letters was signed on 4 May 2022 and the tariff liberalisation was implemented in UK law³ with effect from 9 May 2022. The Department for Business and Trade (DBT) has confirmed that Ukraine has also liberalised tariffs on UK goods on a reciprocal basis pending entry into force of the Exchange of Letters. The Exchange of Letters provides for its provisional application pending entry into force, but this has not been used so implementation has been on an autonomous basis.
4. We note the lengthy delay following signature of the Exchange of Letters in May 2022 before it was laid before Parliament in February 2023. While the Constitutional Reform and Governance Act 2010 (CRAG) does not prescribe any time limit after signature within which a treaty must be laid, laying promptly after signature allows for more effective scrutiny.

1 HM Government, *Agreement No. 1 in the form of an Exchange of letters between the United Kingdom of Great Britain and Northern Ireland and Ukraine to amend the Political, Free Trade and Strategic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine*, CP 778 (February 2023): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1138223/CS_Ukraine_1.2023_UK_Ukraine_Agreement_No1_amend_Political_Free_Trade_Strategic_Partnership.pdf [accessed 2 March 2023]

2 HM Government, *Political, Free Trade and Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine*, CP 584 (January 2022): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1046491/TS_1.2022_UK_Ukraine_Political_Trade_Strategic_Partnership.pdf [accessed 2 March 2023].

3 The Customs Tariff (Preferential Trade Arrangements) (EU Exit) Regulations 2020 (SI 2020/1457) as amended by The Customs Tariff (Preferential Trade Arrangements and Tariff Quotas) (Ukraine) (Amendment) Regulations 2022 (SI.2022/525).

5. **We regret the delay between signature of the Exchange of Letters and its laying before Parliament. We encourage all Departments to lay treaties at the earliest opportunity after signature, noting that information contained in an Explanatory Memorandum can be updated if necessary.**
6. The Exchange of Letters amends the Partnership Agreement by removing all remaining tariffs and TRQs from goods originating in either Ukraine or the United Kingdom. It also provides a safeguard mechanism in the event of serious damage to domestic industry due to the liberalisation.

Entry into force, duration, territorial scope and consultation

7. The Exchange of Letters will enter into force once both parties have notified the completion of their internal procedures. The DBT has confirmed that Ukraine has already notified, so the Exchange of Letters will enter into force as soon as the Government submits its notification following the completion of CRAG scrutiny.
8. The amendments set out in the Exchange of Letters will apply temporarily for a period of 12 months following entry into force (although they have already applied in UK law since May 2022). The parties can agree to a further extension. Once the Exchange of Letters has terminated, the tariff arrangements will revert to those set out in the Partnership Agreement, unless the parties agree otherwise.
9. Since the Exchange of Letters is an amendment to the Partnership Agreement, it has the same territorial scope as that agreement, i.e. the United Kingdom and the Crown Dependencies for tariff provisions. The content of the Exchange of Letters is not a devolved matter, but the Devolved Administrations were informed prior to its signature given the impact on Scotland, Wales and Northern Ireland. The Crown Dependencies signalled their consent to the amendments to the Partnership Agreement before signature of the Exchange of Letters.
10. **We report the Exchange of Letters to the House for information. In particular, we highlight our comments in paragraph 5.**

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Lord Fox
 Lord Geidt
 Lord Grimstone of Boscobel
 Baroness Hayter of Kentish Town (Chair)
 Lord Howell of Guildford
 Lord Kerr of Kinlochard
 Baroness Kingsmill
 Lord Marland
 Lord Morris of Aberavon
 Lord Razzall
 Lord Udny-Lister
 Lord Watts

Declarations of interest

Lord Fox
Vice President, German-British Chamber of Industry & Commerce
Director, German British Roundtable

Lord Geidt
President, Royal Overseas League

Lord Grimstone of Boscobel
No relevant interests

Baroness Hayter of Kentish Town
Senior Non-Executive Director, Association of British Insurers

Lord Howell of Guildford
No relevant interests

Lord Kerr of Kinlochard
Chairman, Centre for European Reform
Member of Advisory Board, European Policy Centre, Brussels

Baroness Kingsmill
Member, Advisory Board, Global Sustainability Forum

Lord Marland
Chairman, Commonwealth Enterprise and Investment Council Ltd

Lord Morris of Aberavon
No relevant interests

Lord Razzall
No relevant interests

Lord Udny-Lister
Advisor to the Group Chairman of HSBC
Advisor to Comcorp Holdings

Lord Watts
No relevant interests