Department for International Trade

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Angus Brendan MacNeil MP
Chair of the International Trade Select Committee
House of Commons
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11th December 2020

Dear Angus,

<u>Update on progress of trade continuity programme</u>

In under two years, we have agreed trade deals with 57 countries, accounting for £193bn of bilateral trade. No other country has ever negotiated so many trade deals simultaneously and we aim to secure even more agreements before the end of the year.

The agreements reached so far account for 93% of the value of trade with the non-EU countries that we set out to secure agreements with at the start of the trade continuity programme. This includes trade agreements with some of our largest trading partners such as Switzerland, Canada, South Korea, Norway, Singapore, South Africa.

But we've gone further. Since the Transition Period began, we have expanded the ambition of our programme, above and beyond the original scope, securing agreements with Japan, Vietnam and Singapore, which together accounted for £53bn of trade in 2019.

Negotiations that will not be completed by 1st January

We have been active in seeking a continuity trade agreement with those partners with whom we had an agreement as a member of the EU. But we have always been clear we will not sign up to a deal that is not good for the United Kingdom, whatever the deadline. We have had some robust discussions to defend our interests, leading – in most cases – to a mutually beneficial agreement.

With a few countries, we have not always found a willing counterpart; whilst with others, more time is needed before a mutually beneficial agreement can be reached, as can sometimes happen in negotiations. For example, in some cases, external factors such as elections, changes to or lack of national governments, and the global pandemic have had an impact on the pace of negotiations.

Therefore, as a part of our commitment to keep business well informed of our progress, we have updated our advice today to say that an agreement with Montenegro will not be in force for 1st January 2021. This follows our last update on 25th November 2020 regarding agreements with Algeria; Bosnia and Herzegovina; and Serbia.

We have sought to conclude an agreement with Montenegro that would provide continuity for business on the same terms as the EU agreement. This would provide Montenegro with a straightforward rollover of access to our market. But, with the recent elections and the time required in the government formation process, plus the difficult COVID-19 situation, Montenegro has not been able to engage with us in time for an agreement to be in place for 1st January 2021.

We hope that the new Government of Montenegro will remain committed to concluding an agreement with us as soon as possible and we stand ready to follow up on this, in order to provide certainty for British and Montenegrin businesses and consumers.

For context, the four countries with whom we continue to engage but expect not to have agreements in place by 1st January (Algeria; Bosnia and Herzegovina; Serbia; and Montenegro) accounted for just 0.1% of total British exports in 2019. 64% of trade with these partners represents goods imports, of which approximately 90% would continue to be tariff free under our unilateral preferences combined with liberalised tariffs under the 'UK Global Tariff'.

So, our message is clear – if these countries wish to do a deal with us in 2021, they will find a willing partner in Britain. We remain in intensive discussions with other countries. We will do all we can to finalise these negotiations and bring these continuity agreements into effect at the end of the year. If there are other continuity agreements that we do not expect to take effect at the end of the year, we will update GOV.UK with this information.

Advice and engagement with businesses

My Department has published clear, accurate, and up-to-date information on every signed continuity agreement to give businesses the support they need to enter new markets across the globe. We have created free-to-use online tools (Trade with the UK and Check How to Export Goods) so that businesses can check product-specific and country-specific information on tariffs and regulations that currently apply to British trade in goods too. These tools are regularly updated to reflect any changes.

For businesses that currently trade with a non-EU country, there may be some actions to take to keep trading at the end of the Transition Period. Where an agreement will still be pending conclusion at the end of the Transition Period, the government has backed British businesses by putting in place a new Most Favoured Nation tariff regime – the 'UK Global Tariff'. Businesses can find more information about trading on MFN terms at gov.uk/guidance/uk-tariffs-from-1-january-2021.

In addition to the advice and support my Department has provided to business during the Transition Period, we are engaging, as part of work across HM Government, with hundreds of businesses every day on a wide range of issues, including trade continuity, ahead of the end of the Transition Period.

I will be placing copies of this letter in the libraries of the House. Please let me know should you require any further information or assistance.

With best wishes.

Yours sincerely,

RANIL JAYAWARDENA MP
Minister for International Trade