



Department for
International Trade



Department for
Business, Energy
& Industrial Strategy

Lord Grimstone of Boscobel, Kt
Minister for Investment
Department for International Trade
King Charles Street
Whitehall
London
SW1A 2AH

The Rt Hon. the Lord Goldsmith QC
Chair
International Agreements Sub-Committee
House of Lords
London
SW1A 0PW

T +44 (0) 20 7215 5000
E grimstone.correspondence@trade.gov.uk
W www.gov.uk/dit

10 December 2020

Dear Peter,

I am pleased to confirm that the United Kingdom has signed a trade continuity agreement with Iceland and Norway, whilst negotiations on a comprehensive FTA continue. Today's agreement covers trade in goods and ensures 95% of goods trade with Norway and over 90% of goods trade with Iceland will be tariff-free, providing businesses with certainty that they can continue to operate on the same terms as they do today when the transition period ends.

Without this agreement, duties on imports from Iceland and Norway would have increased by £65 million under World Trade Organisation trading arrangements. We are committed to protecting and growing the volume of our trade and are making excellent progress towards a comprehensive deal on goods and services trade for 2021.

British consumers and businesses will continue to benefit from more choice and lower prices in Icelandic and Norwegian products such as frozen haddock. Retaining current fish tariff preferences will also benefit British industries such as fish processing, while British firms will continue to see duty free access for all exports of industrial products.

Total trade in goods and services between the United Kingdom, Iceland and Norway together was around £27 billion in 2019, of which over £20 billion was in goods. Norway is Britain's 12th largest trading partner, accounting for 1.8% of total British trade, and Iceland is Britain's 67th largest trading partner. A lot of trade, such as trade in hydrocarbons, is zero tariff in any case, so is unaffected by an FTA being in place.

In under two years, HM Government has agreed trade agreements with 55 countries. Total UK trade with these countries was worth £170 billion in 2019. As committed in our election manifesto, we have ambitious goals for British trade. We want to secure

free trade agreements with countries that cover 80 per cent of our trade within three years.

We've recently signed agreements with Kenya, Egypt, North Macedonia, Ukraine and Cote d'Ivoire and we expect to make further progress in securing further deals before the end of the Transition Period.

We will lay a copy of this agreement in Parliament alongside an Explanatory Memorandum and a Parliamentary Report explaining our approach on delivering continuity. Nonetheless, please let me know should you require any further information or assistance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Grimstone', written in a cursive style.

Lord Grimstone of Boscobel, Kt
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