



Department for Business & Trade

Lord Johnson of Lainston CBE
Minister for Investment and Minister for
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Department for Business and Trade
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3 April 2024

Dear Peter,

I am writing to update you and the International Agreements Committee on the status of the Rules of Origin arrangements in the UK-Canada Trade Continuity Agreement.

Under the Trade Continuity Agreement, the UK and Canada agreed a time limited arrangement which allowed inputs from and processing in the EU to count towards meeting the agreement's specific origin requirements for preferential treatment (known as 'EU Cumulation'). These arrangements expired on 1 April 2024. As of that date, traders will need to meet the Product Specific Rules of Origin under the Trade Continuity Agreement without EU Cumulation to access the agreement's preferences. Where UK exports cannot meet these rules, they will be dutiable in accordance with Canada's Most-Favoured-Nation tariffs.

While negotiations on a new UK-Canada Free Trade Agreement were ongoing, UK negotiators sought agreement from Canada to extend EU Cumulation arrangements until such time that the new UK-Canada Free Trade Agreement could enter into force. Despite our best efforts, Canada repeatedly refused this request. This, along with the expiry of UK access to the EU portion of Canada's WTO cheese Tariff Rate Quota on 31 December 2023, led to our decision to pause Free Trade Agreement negotiations on 25 January. We have always said we will only negotiate trade deals that deliver for the British people.

The UK aim for the new Free Trade Agreement was to agree new rules of origin which would largely have the same effect as current arrangements, protecting existing supply chains. The UK aim for the new Free Trade Agreement was to agree new rules of origin which would largely have the same effect as current arrangements, protecting existing supply chains. We were making good progress to that end prior to the pause and hope to resume these discussions with Canada once they are ready to deliver on our shared commitment to take our trade and economic relations further.

While the negotiations on the new agreement have been paused, the UK continues to trade with Canada under the remaining arrangements of the Trade Continuity Agreement, which is a good deal for both sides.


My Department has been engaging regularly with affected stakeholders that were facing an impact from the expiry of EU cumulation rules. We will continue this engagement to ensure a smooth transition for business. Further information for businesses is available on [GOV.UK](https://www.gov.uk). The Government is committed to transparency and will ensure that Parliamentarians, UK citizens and businesses have access to information on our trade negotiations.

The UK continues to run an ambitious programme of FTA negotiations. The Government has secured trade deals with 73 countries plus the EU, partners that accounted for £1.1 trillion of UK bilateral trade in 2022. Our comprehensive FTA programme continues at unprecedented pace. We will not, however, sacrifice quality for speed and will only agree a deal if it is right for British businesses, producers, investors and consumers alike. We remain committed to upholding our high environmental, labour, public health, food safety and animal welfare standards, alongside protecting the National Health Service.

Our department continues to welcome your interest in the Government's trade negotiations programme, and I remain committed to the transparency and scrutiny of new trade deals, while ensuring your Committee and all Parliamentarians are appropriately informed.

We would also like to reiterate the commitment made by our department to make the Chief Negotiator available to brief the Committee in private on this issue.

Best wishes,

A handwritten signature in blue ink, appearing to read 'D. Johnson', with a horizontal line underneath it.

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