



Department for  
International Trade



Foreign, Commonwealth  
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Earl of Kinnoull  
Chairman  
European Union Select Committee  
House of Lords  
London  
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9 February 2021

Dear Charles,

Thank you to your Committee and officials for the document entitled 'European Union Committee Eighteenth Report'. We are writing to offer a response to points raised concerning the Free Trade Agreements between the United Kingdom of Great Britain and Northern Ireland and Ukraine (United Kingdom-Ukraine agreement), and the United Kingdom of Great Britain and Northern Ireland and Cote d'Ivoire (United Kingdom-Côte d'Ivoire agreement).

In under two years, we have agreed trade deals with 63 countries, which account for £885bn of bilateral trade, constituting 97% of the value of trade with non-EU countries that we set out to secure at the start of the trade continuity programme.

### **United Kingdom-Ukraine Agreement**

In your Report you comment on the process for laying documents. We take on board the feedback you have provided us on public documents. The Government has worked with Parliament to improve the quality of written documents; we appreciate your praise for the Explanatory Memorandum, and for recognising the strength and quality of our work.

### ***Amendments***

In the Report, the Committee notes that they look forward to receiving notifications of other amendments made within the structures of the UK-Ukraine Agreement, as part of the "Government's commitment to ensure that all amendments to treaties are published irrespective of whether they engage CRAG."

The Government agrees that it is important to have a complete and up-to-date record of the treaties to which the UK is a party, and so the FCDO is working with departments to ensure that all amendments to treaties are published in the UK's Treaty Series, including those that are not subject to CRAG.

## ***Rules of Origin***

Regarding Rules of Origin, in the Report you state the UK-Ukraine Agreement ensures that EU materials and EU processing can continue to be used. The UK-Ukraine Agreement also reflects the provisions of the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin in a bilateral context.

During the transition period, all UK content was currently considered as “originating” in the EU and UK exports are designated as “EU origin”. This meant that originating materials from, and processing in, the UK and the rest of the EU could be used interchangeably in bilateral trade with existing EU free trade agreement partners. This is no longer the case now that existing EU free trade agreements have ceased to apply to the UK after the end of the transition period.

As of 1 January, the designation of UK exports shifted from “EU” originating to “UK” originating and EU content (unless specific provision is made in new agreements) no longer counts towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the UK, EU, and Ukraine.

To address these implications and to provide maximum continuity for business, the UK-Ukraine Agreement provides that EU materials can continue to be used, and count as originating (e.g. cumulated), in UK and Ukrainian exports to one another. Furthermore, EU processing can continue to be used and count as originating in UK exports to Ukraine. The possibilities to cumulate with other third countries, as per the EU-Ukraine Agreement, are replicated in the UK-Ukraine Agreement on the same terms.

It is also noted in the report that “the Agreement cannot allow UK- or Ukrainian-based exporters to use content from each other’s countries in exports to the EU.” You highlight that the Parliamentary Report notes that this may have a minor negative impact on trade flows. Cumulation of content in UK and Ukrainian exports to the EU is a matter for the Parties and their trading arrangements with the EU.

## ***Russia-Ukraine conflict***

In the Report you highlight that the EU-Ukraine Agreement predated the Russia-Ukraine conflict. You note that the UK and Ukraine have amended the bilateral Agreement so that it “will not commence in certain areas until Ukraine has ensured the full implementation and enforcement of the Agreement on its entire territory, as determined through a bilateral decision via the Strategic Partnership Dialogue.”

The original EU-Ukraine Agreement predated the conflict in eastern Ukraine. New provisions have therefore been inserted into the UK-Ukraine Agreement to recognise Russia’s hostile actions against Ukraine. Provisions have also been inserted to reflect the UK’s ongoing commitment to upholding the sovereignty and territorial integrity of Ukraine.

As you noted, the Strategic Partnership Dialogue created under Article 400 of the Agreement would adopt a bilateral decision on when full implementation and enforcement of the Agreement can be applied in Crimea and eastern Ukraine.

## ***United Kingdom-Côte d’Ivoire Agreement***

The Economic Partnership Agreement (EPA) between the United Kingdom and Côte d’Ivoire is currently in force. The agreement allows businesses to trade as freely as they did before,

without any additional barriers or tariffs – and provides a firm foundation from which both sides can further deepen their trading relationship and pursue common interests.

Your Report states that the Government's approach to establishing joint governance institutions in continuity agreements is inconsistent but highlights that in the case of the UK-CDI EPA, all existing joint governance institutions have been replicated accurately.

In relation to joint governance institutions, our programme aims to continue the effects of existing institutions. All of the joint institutions provided for in the existing EPA have been replicated in full. The United Kingdom-Côte d'Ivoire EPA establishes an EPA Committee which is responsible for the implementation and operation of the agreement.

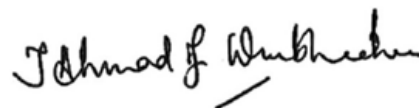
The Government values scrutiny of the trade continuity programme and welcomes your Committee's report. We look forward to your future reports on our trade continuity agreements.

This letter will be copied to Lord Goldsmith QC, Chair of the International Agreements Committee and will also be placed in the House of Lords Library.

Best wishes,



**Lord Grimstone of Boscobel, Kt**  
Minister of State for Investment  
Department for International Trade



**Lord (Tariq) Ahmad of Wimbledon**  
Minister of State for South Asia and the  
Commonwealth  
Prime Minister's Special Representative  
on Preventing Sexual Violence in Conflict