



HOUSE OF LORDS

International Agreements Committee

4th Report of Session 2019–21

Scrutiny of international agreements: Strategic Partnership Agreement with Moldova

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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.

Membership

The Members of the International Agreements Committee are:

<u>Lord Foster of Bath</u>	<u>Lord Morris of Aberavon</u>
<u>Lord Gold</u>	<u>Lord Oates</u>
<u>Lord Goldsmith (Chair)</u>	<u>Lord Risby</u>
<u>Lord Kerr of Kinlochard</u>	<u>Lord Robathan</u>
<u>Lord Lansley</u>	<u>Lord Sandwich</u>
<u>Baroness Liddell of Coatdyke</u>	<u>Lord Watts</u>

Declaration of interests

See Appendix 1.

A full list of Members' interests can be found in the Register of Lords' Interests:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests>

Publications

All publications of the Committee are available at:

<https://committees.parliament.uk/committee/448/international-agreements-committee/publications/>

Parliament Live

Live coverage of debates and public sessions of the Committee's meetings are available at:

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<http://www.parliament.uk/business/lords>

Committee staff

The current staff of the Committee are Jennifer Martin-Kohlmorgen (Clerk), Moriyo Aiyeola (Assistant Clerk), Andrea Ninomiya (Policy Analyst), Alexander Horne (Legal Adviser) and George Stafford (Committee Assistant).

Contact details

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SUMMARY

This is the International Agreements Committee's fourth report on treaties, or international agreements, laid before Parliament in accordance with section 20 of the Constitutional Reform and Governance Act 2010 (CRAG). On 28 January 2021, the International Agreements Committee succeeded the EU International Agreements Sub-Committee, which from April 2020 had responsibility for scrutinising all international agreements laid before Parliament under CRAG.¹

This report addresses one Agreement, considered at the meeting of the International Agreements Committee on 24 February 2021, which we report for information:

- Strategic Partnership, Trade and Cooperation Agreement, done at Chisinau on 24 December 2020, between the United Kingdom of Great Britain and Northern Ireland and the Republic of Moldova (CP 370, 2021)

¹ Previous reports on treaties considered by the International Agreements Sub-Committee can be found on the Treaty page of the Parliament website at: <https://treaties.parliament.uk/>

Scrutiny of international agreements: Strategic Partnership Agreement with Moldova

AGREEMENT REPORTED FOR INFORMATION

Strategic Partnership, Trade and Cooperation Agreement, done at Chisinau on 24 December 2020, between the United Kingdom of Great Britain and Northern Ireland and the Republic of Moldova (CP 370, 2021)²

1. The Strategic Partnership, Trade and Cooperation Agreement between the UK and Moldova (the UK-Moldova Agreement) was laid on 18 January 2021, and the scrutiny period is scheduled to end on 2 March 2021. It was considered by the International Agreements Committee on 24 February 2021.
2. The precursor agreement to the UK-Moldova Agreement is the 2014 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part (the EU-Moldova Agreement).³ The UK-Moldova Agreement seeks to maintain the effects of the EU-Moldova Agreement by replicating it with only minor amendments.
3. The UK-Moldova Association Agreement covers:
 - trade in goods, including tariffs, tariff rate quotas and rules of origin;
 - sanitary and phytosanitary measures;
 - trade in services;
 - intellectual property, including geographical indications; and
 - government procurement.
4. Like its predecessor, the UK-Moldova Agreement includes provisions on respect for democratic principles, human rights and fundamental freedoms, as well as on countering the proliferation of weapons of mass destruction.
5. The UK and Moldova agreed to provisionally apply the UK-Moldova Agreement from 1 January 2021.

2 Strategic Partnership, Trade and Cooperation Agreement, done at Chisinau on 24 December 2020, between the United Kingdom of Great Britain and Northern Ireland and the Republic of Moldova, CP 370, 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/953190/CS_Moldova_1.2021_Strategic_Partnership_Trade_and_Cooperation.pdf [accessed 2 February 2021]

3 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, [OJ L 260/4](#), (30 August 2014)

The UK's trade relationship with Moldova

6. An overview of UK-Moldova trade is provided in Box 1.

Box 1: UK trade with Moldova

Moldova is the UK's 105th largest trading partner, accounting for less than 0.1% of total UK trade. In 2019 trade in goods and services between the UK and Moldova was worth £0.4 billion.

Trade in goods

The UK imports more goods than it exports, with £26 million worth of exports, compared to £34 million of imports in 2019. Top goods exports to Moldova include vehicles, machinery and mechanical appliances, and pharmaceutical products. Top goods imports include articles of apparel and clothing, beverages, spirits, and vinegar.

Trade in services

The Parliamentary Report states that a detailed breakdown of services exported to and imported from Moldova is not available.⁴

Consultation

7. The Explanatory Memorandum accompanying the Agreement indicates that the Government has consulted the Devolved Administrations (DAs), the Crown Dependencies and Gibraltar. It states that the UK Government has “regularly updated the Devolved Administrations” and that it has “shared the stable text of the UK-Moldova Agreement with the DAs, the Crown Dependencies and Gibraltar”.⁵
8. We reiterate our previous recommendation that the explanatory materials accompanying agreements should spell out whether any concerns were raised by the Devolved Administrations (and others) and, if so, how they have been addressed.

Substantial divergences from the EU-Moldova Agreement

9. While most provisions in the EU-Moldova Agreement have been replicated, the UK-Moldova Agreement includes the following notable changes:
- The Overseas Territories (OTs) have been excluded from the territorial scope, following consultation with the OTs. The Explanatory Memorandum and Parliamentary Report explain that their original inclusion in the EU Agreement had been unintentional and that they had been part of that Agreement solely by virtue of the UK's

4 Foreign, Commonwealth & Development Office, *Continuing the United Kingdom's Trade Relationship with the Republic of Moldova* (January 2021) p 10: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/949022/ccs1220779590-uk-moldova-trade-pr-accessible.pdf [accessed 25 February 2021]

5 Foreign, Commonwealth & Development Office, *Explanatory Memorandum on the Strategic Partnership, Trade and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Moldova* (18 January 2021) p 7: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/953191/EM_CS_Moldova_1.2021_Strategic_Partnership_Trade_and_Cooperation_Agreemen.odt [accessed 24 February 2021]

past membership of the European Atomic Energy Community (EURATOM), one of the Parties to the EU Agreement.⁶

- Tariff rate quotas have been re-sized to reflect the fact that the UK is a smaller market for imports and exports than the EU. The new quotas were calculated based on a mixture of customs and trade flow data. We note that the effect of the re-sized TRQs is—as yet—unknown, given the agreement has only just been concluded and TRQ usage data is not yet available.
- The Agreement introduces an extended cumulation of origin, allowing both Parties to recognise content from the EU as originating in the UK or Moldova in exports to one another. The extended cumulation of origin, however, does not apply to UK goods or materials exported to the EU, which, subsequently, may be exported to Moldova. This is because the UK-EU Trade and Cooperation Agreement does not provide for UK content to be recognised as EU content in trade with common trade partners. This arrangement is therefore less favourable to the UK than the arrangement it had as a member of the EU and will have a detrimental impact on some UK businesses. Any overall benefits that may result from our ability to conclude our own deals are, as yet, unproven. The Agreement also reflects the provisions of the pan-Euro-Mediterranean preferential rules of origin (PEM Convention), with some changes to make them suitable for the bilateral context.

10. We report the Strategic Partnership, Trade and Cooperation Agreement between the UK and Moldova to the House for information.

6 Foreign, Commonwealth & Development Office, *Explanatory Memorandum on the Strategic Partnership, Trade and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Moldova* (18 January 2021) p 6: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/953191/EM_CS_Moldova_1.2021_Strategic_Partnership_Trade_and_Cooperation_Agreemen.odt [accessed 24 February 2021] and Foreign, Commonwealth & Development Office, *Continuing the United Kingdom's Trade Relationship with the Republic of Moldova* (January 2021) p 16: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/949022/ccs1220779590-uk-moldova-trade-pr-accessible.pdf [accessed 25 February 2021]

APPENDIX: LIST OF MEMBERS, DECLARATIONS OF INTEREST AND COMMITTEE STAFF

International Agreements Committee Members and staff

Lord Foster of Bath

No relevant interests

Lord Gold

Director, Gold Collins Associates Ltd

Principal, David Gold & Associates LLP

Lord Goldsmith (Chair)

Partner, Debevoise & Plimpton LLP

Lord Kerr of Kinlochard

Chairman, Centre for European Reform

Deputy Chairman, Scottish Power plc

Member, Scottish Government's Standing Council on Europe

Lord Lansley

Director, LOW Associates Ltd

Chair, UK-Japan 21st Century Group

Trustee, Radix

Baroness Liddell of Coatdyke

Adviser, PricewaterhouseCoopers

Association Member, Bupa

Chair, Annington Ltd

Honorary Vice President, Britain-Australia Society Education Trust

Trustee, Northcote Educational Trust

Lord Morris of Aberavon

No relevant interests

Lord Oates

Chair, Advisory Committee, Weber Shandwick UK

Non-Executive Director, Centre for Countering Digital Hate

Director, H&O Communications Ltd

Lord Risby

No relevant interests

Lord Robathan

No relevant interests

Earl of Sandwich

No relevant interests

Lord Watts

No relevant interests

The Committee staff are Jennifer Martin-Kohlmorgen (Clerk), Moriyó Aiyéola (Assistant Clerk), Andrea Ninomiya (Policy Analyst), Alexander Horne (Legal Adviser), and George Stafford (Committee Assistant).

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