



HOUSE OF LORDS

International Agreements Committee

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6th Report of Session 2021–22

**Scrutiny of international  
agreements: Agreement  
with Switzerland on the  
mutual recognition of AEO  
programmes; and Agreements  
with Estonia, Latvia, Belgium  
and Italy on the protection of  
classified information**

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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:

<a href="#"><u>Lord Astor of Hever</u></a>	<a href="#"><u>Baroness Liddell of Coatdyke</u></a>
<a href="#"><u>Lord Foster of Bath</u></a>	<a href="#"><u>Lord Morris of Aberavon</u></a>
<a href="#"><u>Lord Gold</u></a>	<a href="#"><u>Lord Oates</u></a>
<a href="#"><u>Lord Goldsmith</u></a> (Chair)	<a href="#"><u>Lord Robathan</u></a>
<a href="#"><u>Lord Kerr of Kinlochard</u></a>	<a href="#"><u>Lord Sandwich</u></a>
<a href="#"><u>Lord Lansley</u></a>	<a href="#"><u>Lord Watts</u></a>

### *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>

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All publications of the Committee are available at:

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### *Parliament Live*

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

### *Committee staff*

The current staff of the Committee are Jennifer Martin-Kohlmorgen (Clerk), Andrea Ninomiya (Policy Analyst) and Robert Cocks (Committee Operations Officer).

### *Contact details*

All correspondence should be addressed to the International Agreements Committee, Committee Office, House of Lords, London SW1A 0PW. Telephone 020 7219 4840. Email [HLIntlAgreements@parliament.uk](mailto:HLIntlAgreements@parliament.uk)

### *Twitter*

You can follow the Committee on Twitter: [@HLIntlAgreements](https://twitter.com/HLIntlAgreements).

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## SUMMARY

This report addresses the following five Agreements, laid before Parliament in accordance with section 20 of the Constitutional Reform and Governance Act 2010 (CRAG), and considered at the meeting of the Committee on 21 July 2021, all of which we report for information:

- Agreement between the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation on the mutual recognition of their Authorised Economic Operator Programmes (CP 452, 2021)
- Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Estonia concerning the Protection of Classified Information (CP 447, 2021)
- Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Latvia concerning the Protection of Classified Information (CP 448, 2021)
- Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium concerning the Protection of Classified Information (CP 462, 2021)
- Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Italian Republic concerning the Protection of Classified Information (CP 465, 2021)

# Scrutiny of international agreements: Agreement with Switzerland on the mutual recognition of AEO programmes; and Agreements with Estonia, Latvia, Belgium and Italy on the protection of classified information

## AGREEMENTS REPORTED FOR INFORMATION

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Agreement between the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation on the mutual recognition of their Authorised Economic Operator Programmes (CP 452, 2021)<sup>1</sup>

1. The Agreement between the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation on the mutual recognition of their Authorised Economic Operator Programmes (the Agreement) was laid on 16 June 2021, and the scrutiny period is scheduled to end on 22 July 2021. It was considered by the Committee on 21 July 2021.
2. The objective of the Agreement is “to facilitate trade in goods between the Parties by establishing a mechanism for the mutual recognition of their respective Authorised Economic Operator (AEO) Programmes ... and to improve communication and cooperation in customs security measures”.<sup>2</sup> The Explanatory Memorandum (EM) published alongside the Agreement also explains that it will provide continuity for UK and Swiss businesses with AEO status that previously benefited from the EU-Switzerland Customs Security Agreement.<sup>3</sup>
3. AEO status is an internationally recognised quality mark which confirms that a business’s role in international supply chains is secure and that its customs and security procedures meet certain standards and criteria.<sup>4</sup> Through mutual recognition, businesses with AEO status in one Party are

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1 Agreement between the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation on the mutual recognition of their Authorised Economic Operator Programmes, CP 452, June 2021: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/993409/CS\\_Swiss\\_3.2021\\_UK\\_Swiss\\_Agreement\\_Mutual\\_Recog\\_Economic\\_Operators.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993409/CS_Swiss_3.2021_UK_Swiss_Agreement_Mutual_Recog_Economic_Operators.pdf) [accessed 9 July 2021]

2 Article 1

3 HM Treasury, Explanatory Memorandum on the Agreement between the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation on the mutual recognition of their Authorised Economic Operator Programmes (16 June 2021), para 2.4: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/993265/EM\\_CS\\_Swiss\\_3.2021\\_UK\\_Swiss\\_Agreement\\_mutual\\_recog\\_Economic\\_Operator\\_Prog.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993265/EM_CS_Swiss_3.2021_UK_Swiss_Agreement_mutual_recog_Economic_Operator_Prog.odt) [accessed 9 July 2021]

4 HM Revenue & Customs, ‘Guidance: Check if Authorised Economic Operator status could benefit you’ (14 January 2021): <https://www.gov.uk/guidance/authorised-economic-operator-certification> [accessed 9 July 2021]

recognised by the other Party as having a lower risk score, which can result in faster customs clearance times.

4. Switzerland operates a single AEO programme under the Customs Act and Customs Ordinance.<sup>5</sup> There are, though, two types of AEO status in the UK:
  - Authorised Economic Operator Customs Simplification (AEO-C)
  - Authorised Economic Operator Security and Safety (AEO-S)
5. Mutual recognition under the Agreement is extended only to businesses with AEO-S status.<sup>6</sup>
6. To facilitate mutual recognition, the Agreement provides for enhanced communication and the exchange of specified information between customs authorities.

#### *Governance and amendments*

7. The Agreement establishes a Joint Committee with responsibility for implementing the Agreement. It has powers to amend the list of benefits granted to AEOs, and the type of information exchanged between customs authorities.<sup>7</sup> The EM confirms that Joint Committee amendments are not expected to be subject to scrutiny under the Constitutional, Reform and Governance Act 2010 (CRAG).<sup>8</sup>
8. The Parties may also amend the Agreement by mutual consent.<sup>9</sup> The EM explains that such amendments are expected to engage the parliamentary scrutiny processes under CRAG.<sup>10</sup>

#### *Entry into force*

9. The Agreement will enter into force on the first day of the month after both Parties have confirmed that all their internal procedures have been completed. No new legislation is required in the UK to implement the Agreement.<sup>11</sup>

#### *Territorial scope and consultation*

10. The Agreement applies to the UK and the Isle of Man. On the Swiss side, it extends to Liechtenstein by virtue of its customs union with Switzerland.<sup>12</sup>
11. The Crown Dependencies were asked whether they wished to have the Agreement extended to them. The EM explains that only the Isle of Man wished to be covered by the Agreement, and the treaty text was shared with the Isle of Man in advance of signature.

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5 See: Eidgenössische Zollverwaltung, 'Zugelassener Wirtschaftsbeteiligter (AEO)': <https://www.ezv.admin.ch/ezv/de/home/information-firmen/waren-anmelden/aeo-zugelassener-wirtschaftsbeteiligter.html> (available in German, French, and Italian only) [accessed 9 July 2021]

6 Article 3.

7 Article 8. Exchanges of information must, in all cases, be conducted in accordance with the Parties' domestic laws, regulations and policies, and the information shared must only be used for the purposes of implementing the Agreement.

8 EM, para 4.1

9 Article 12

10 EM, para 4.2

11 EM, para 5.1

12 Article 2

12. The EM also explains that the Devolved Administrations were not consulted, given customs policy is a reserved matter with no implications for the Devolved Administrations.
13. **We report the Agreement between the UK and Switzerland on the mutual recognition of AEO programmes to the House for information.**

**Agreements between the Government of the United Kingdom of Great Britain and Northern Ireland and the Republic of Estonia (CP 447, 2021), the Republic of Latvia (CP 448, 2021), the Government of the Kingdom of Belgium (CP 462, 2021), and the Italian Republic (CP 465, 2021), concerning the Protection of Classified Information<sup>13</sup>**

14. In June 2021, the UK Government laid before Parliament four Agreements on the Protection of Classified Information with Estonia, Latvia, Belgium and Italy (the Agreements). The scrutiny periods vary for each of these Agreements and will expire as follows:
  - Agreement with Estonia: 22 July
  - Agreement with Latvia: 6 September
  - Agreement with Belgium: 10 September
  - Agreement with Italy: 14 September
15. The Committee considered all four Agreements at its meeting on 21 July 2021. They all follow a similar template, and we therefore consider them jointly in this report.
16. The purpose of the Agreements is to protect classified information created by the Parties and shared between them (or relevant contractors working for the Parties). They do not impose any obligations on the Parties to share classified information, but regulate the process for when they choose to do so.<sup>14</sup>
17. Classified information is defined across all four Agreements as any information or asset that requires “protection against unauthorised access,

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13 Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Estonia concerning the Protection of Classified Information, CP 447, June 2021: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/993411/CS\\_Estonia\\_1.2021\\_UK\\_Estonia\\_Agreement\\_Protection\\_Classified\\_Information.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993411/CS_Estonia_1.2021_UK_Estonia_Agreement_Protection_Classified_Information.pdf) [accessed 9 July 2021]; Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Latvia concerning the Protection of Classified Information, CP 448, June 2021: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/993797/CS\\_Latvia\\_1.2021\\_UK\\_Latvia\\_Agreement\\_Classified\\_Information.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993797/CS_Latvia_1.2021_UK_Latvia_Agreement_Classified_Information.pdf) [accessed 9 July 2021]; Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium concerning the Protection of Classified Information, CP 462, June 2021: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/996669/CS\\_Belgium\\_1.2021\\_UK\\_Belgium\\_Agreement\\_Protection\\_Classified\\_Information.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/996669/CS_Belgium_1.2021_UK_Belgium_Agreement_Protection_Classified_Information.pdf) [accessed 9 July 2021] and Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Italian Republic concerning the Protection of Classified Information, CP 465, June 2021: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/997491/CS\\_Italy\\_1.2021\\_UK\\_Italy\\_Agreement\\_Protection\\_Classified\\_Information.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997491/CS_Italy_1.2021_UK_Italy_Agreement_Protection_Classified_Information.pdf) [accessed 9 July 2021]

14 The Agreements provide for the bilateral sharing of information between the Parties. In December 2020 the UK and the EU concluded an Agreement on the exchange of classified information, regulating the sharing of classified information between the UK and EU institutions, but not with individual EU member states: [OJ L 444/1463](https://eur-lex.europa.eu/eli/reg/2020/1863/oj) (31 December 2020)

disclosure, misappropriation, loss or compromise”.<sup>15</sup> Information covering “defence, law enforcement, counter-terrorism and security” is given as a typical example in the Explanatory Memoranda (EMs) published alongside the Agreements.<sup>16</sup>

18. Under the Agreements, each Party must protect classified information shared with it to a level equivalent to that afforded by the Party providing it.<sup>17</sup> For this purpose, the Agreements set out the security classification levels and markings used by each Party and how they correspond to each other.<sup>18</sup>
19. Additionally, the Agreements set out restrictions on how classified information—depending on the relevant security classification level—can be accessed, used, transmitted, disclosed, translated, reproduced and destroyed. They also provide for cooperation between the Parties’ national security authorities, set out rules for how officials from each Party may access classified information on visits, and note the responsibilities of each Party in the event of loss or unauthorised disclosure of classified information.
20. Neither the Agreements nor the EM make reference to whether or how the Freedom of Information Act 2000 would apply to classified information shared with the UK, although the Agreement with Estonia refers to circumstances in which information could be subject to the Estonia Public Information Act. Similarly, while Cabinet Office officials have confirmed that the Agreements do not include obligations that impose criminal sanctions, it is unclear what sanctions would apply to a security incident involving the unauthorised disclosure of a partner’s classified information that the UK holds. We invite the Government to provide further clarity on these two points.

### *Entry into force*

21. Each Agreement will enter into force on the first day of the second month after both Parties have confirmed that all their internal procedures have been completed. The EMs confirm that no new legislation is required in the UK to implement the Agreements.

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15 The Agreement with Latvia uses the term “material” instead of “assets”.

16 Foreign, Commonwealth and Development Office, *Explanatory Memorandum on the Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Estonia concerning the Protection of Classified Information* (June 2021): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/994063/EM\\_CS\\_Estonia\\_1.2021\\_UK\\_Estonia\\_Agreement\\_Protect\\_Classified\\_Information.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994063/EM_CS_Estonia_1.2021_UK_Estonia_Agreement_Protect_Classified_Information.odt) [accessed 9 July 2021]; Foreign, Commonwealth and Development Office, *Explanatory Memorandum on the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Latvia concerning the Protection of Classified Information* (June 2021): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/993798/EM\\_CS\\_Latvia\\_1.2021\\_UK\\_Latvia\\_Agreement\\_Classified\\_Information.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993798/EM_CS_Latvia_1.2021_UK_Latvia_Agreement_Classified_Information.odt) [accessed 9 July 2021]; Foreign, Commonwealth and Development Office, *Explanatory Memorandum on the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium concerning the Protection of Classified Information*. (June 2021): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/995900/EM\\_CS\\_Belgium\\_1.2021\\_UK\\_Belgium\\_Agreement\\_Protect\\_Classified\\_Information.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995900/EM_CS_Belgium_1.2021_UK_Belgium_Agreement_Protect_Classified_Information.odt) [accessed 9 July 2021]; Foreign, Commonwealth and Development Office, *Explanatory Memorandum on the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Italian Republic concerning the Protection of Classified Information*. (June 2021): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/997474/EM\\_CS\\_Italy\\_No.1.2021\\_UK\\_Italy\\_Protection\\_Classified\\_Information.odt](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997474/EM_CS_Italy_No.1.2021_UK_Italy_Protection_Classified_Information.odt) [accessed 9 July 2021]

17 Article 5

18 Article 4



*Territorial scope and consultation*

22. The Agreements apply to the UK only. The EMs explain that although the Crown Dependencies were consulted, they did not wish to have the Agreements extended to them at this time. As the protection of classified information is a reserved national security matter, the Devolved Administrations were not consulted.
23. **We report the Agreements between the UK and Estonia, Latvia, Belgium and Italy on the protection of classified information to the House for information. In particular, we highlight our comments at paragraph 19.**

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

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### International Agreements Committee Members and staff

Lord Astor of Hever

*No relevant interests*

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 Robathan

*No relevant interests*

Earl of Sandwich

*No relevant interests*

Lord Watts

*No relevant interests*

The Committee staff are Jennifer Martin-Kohlmorgen (Clerk), Andrea Ninomiya (Policy Analyst), and Robert Cocks (Committee Operations Officer).

A full list of Members' interests can be found in the Register of Lords' Interests: <https://members.parliament.uk/members/lords/interests/register-of-lords-interests>