



Foreign &  
Commonwealth  
Office

# Continuing the United Kingdom's Trade Relationship with Georgia

**Strategic Partnership and Cooperation Agreement between the United Kingdom of  
Great Britain and Northern Ireland and Georgia**

Originally laid November 2019, withdrawn, updated, and re-laid January 2020





# Continuing the United Kingdom's Trade Relationship with Georgia

**Strategic Partnership and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland and Georgia**

Presented to Parliament

by the Secretary of State for Foreign and Commonwealth Affairs

by Command of Her Majesty

Originally laid November 2019, withdrawn, updated, and re-laid January 2020



© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3)

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](https://www.gov.uk/official-documents)

Any enquiries regarding this publication should be sent to us at [enquiries@trade.gov.uk](mailto:enquiries@trade.gov.uk)

ISBN 978-1-5286-1719-2

CCS0120835350

01/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

# Contents

<b>Introduction</b>	<b>7</b>
Legal approach	7
Resources	8
<b>Economic Background</b>	<b>9</b>
Trade between the UK and Georgia	9
UK businesses exporting to and importing from Georgia	10
Economic impact of the EU-Georgia Agreement	10
Potential loss to UK if the UK-Georgia Agreement is not brought into effect	11
Immediate impact if not brought into effect	11
<b>Explanation of this Agreement, including Significant Differences between the UK-Georgia Agreement and the EU-Georgia Agreement</b>	<b>14</b>
Nature of the EU-Georgia Agreement and the UK-Georgia Agreement	14
Trade	14
<b>General Provisions</b>	<b>15</b>
Removal and replacement of references to the EU	15
Territorial Application	15
Continuation of Time Periods	15
Institutions and Committees	15
Amendment Clauses	16
Entry into Force and Provisional Application	16
Trade Remedies and Dispute Settlement	17
Entry Price System	18
Approximation	18
<b>Annexes and Protocols</b>	<b>20</b>
Goods	20
Tariff Rate Quotas (TRQs)	20
Inward TRQs	21
Rules of Origin	21
Customs	22
Sanitary and Phytosanitary (SPS)	23
Intellectual Property and Geographical Indications	23
Sustainability	24
Government Procurement	24
Technical Barriers to Trade	25

Competition	25
Services	25
Energy Community Treaty	26
Internal waterways arrangements	26
Aircraft leasing text	26
Professional Services Recognition	26

## Introduction

1. This report explains the Government's approach to delivering continuity in the United Kingdom's ("UK") trade relationship with Georgia as the UK leaves the European Union ("EU").
2. As the UK leaves the EU, the Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the UK's existing trade relationships. It is in no one's interests to disrupt existing trade flows.
3. To achieve this, the Government has developed new bilateral agreements that replicate, as far as possible, the effects of the UK's existing trade agreements with existing partners through its membership of the EU. The new bilateral agreements provide for entry into force when the existing agreements between the EU and a third country cease to apply to the UK or as soon as possible thereafter, whether the UK leaves the EU with no agreement or with a negotiated agreement with the EU. In either event, the agreements will form the starting point for the UK's future trade agreements with partners.
4. Wherever possible, the Government has sought a technical replication of the existing EU agreements through these new bilateral 'continuity trade agreements', but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect in a bilateral context.
5. This report gives details of, and explains the reasons for, any significant trade-related differences between:
  - a. The Strategic Partnership and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland and Georgia ("the UK-Georgia Agreement"); and
  - b. The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part ("the EU-Georgia Agreement").
6. This report first sets out the general drafting changes which are consistent across all the UK's continuity trade agreements and which do not have a significant impact on the effect of the UK's current trade relationships. It then explains any significant differences between the trade-related provisions in the UK-Georgia Agreement and the existing EU-Georgia Agreement. To assist the reader, we have included some discussion of the economic impacts as appropriate. This report focuses solely on the changes made to the trading arrangements between the UK and Georgia in preparation for the UK ceasing to be bound by the EU-Georgia Agreement and entering into the UK-Georgia Agreement. Any wider economic impacts resulting from the UK's exit from the EU or the nature of the Future Economic Partnership (the "FEP") have been excluded from this report.

## Legal approach

7. The UK and Georgia have agreed that the most appropriate form of legal instrument to ensure continuity in this case is a long form agreement. To draft the UK-Georgia Agreement, we have reproduced all relevant sections of the existing EU-Georgia Agreement with necessary technical and administrative changes to make this operable in a bilateral context.

## Resources

8. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant changes made to the UK's trade or political, economic or social cooperation relationship with Georgia, by the UK-Georgia Agreement, the reasons for any changes, and their impact.
9. Should you wish to view the EU-Georgia Agreement as originally published, it can be found online on the [European Commission's website](#).
10. More detail, including decisions of the Association Council established under the EU-Georgia Agreement, can be found on the [EUR-Lex website](#). A consolidated version of the EU-Georgia Agreement can also be found on the [EUR-Lex website](#). The consolidated text is not an authoritative version of the EU-Georgia Agreement but will assist readers to understand how the EU-Georgia Agreement has been amended since its entry into force.
11. Should you wish to view the full text of the UK-Georgia Agreement, it will be laid in Parliament alongside an Explanatory Memorandum as part of the UK's treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010 (the "CRaG Act"). The text will also be available on GOV.UK.



## Economic Background

12. This section provides a country-specific background analysis of trade between the UK and Georgia.

### Trade between the UK and Georgia

13. Georgia is the UK's joint 139th largest trading partner<sup>1</sup>, accounting for less than 0.1% of total trade. Total trade in goods and services between the UK and Georgia was £95 million in 2018.<sup>2</sup>

14. In 2018, UK exports to Georgia were £75 million, making it the UK's 123rd largest export market (accounting for less than 0.1% of all UK exports). UK imports from Georgia were £20 million, making it the UK's joint 143rd largest import source (accounting for less than 0.1% of all UK imports).

**Table 1: Trade between the UK and Georgia, 2018 (£ million)**

	Trade in goods	Trade in services	Total trade
UK exports to Georgia	32	43	75
UK imports from Georgia	5	15	20
Total trade	37	58	95

Source: [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#) (accessed 7<sup>th</sup> May 2019)

15. Using data from HMRC for trade in goods only, Table 2 shows in 2018 the top goods exported to Georgia were in vehicles other than railway or tramway stock (HS87, £14 million), pharmaceutical products (HS30, £7 million), and machinery and mechanical appliances (HS84, £7 million), together representing under half of the total value of goods exported to Georgia according to this data source. The UK's top goods imported from Georgia were in precious stones and metals (HS71, £2 million), fertilizers (HS31, £2 million), and iron and steel (HS72, £2 million), together representing over half of the total value of goods imported from Georgia in the HMRC data.

16. There are ongoing discrepancies between ONS and HMRC data for UK goods trade with Georgia in 2018, largely due to classification and data collection differences between the two sources. ONS data is recorded on a 'balance of payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between a resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country. This explains the apparent inconsistency between the data in paragraph 13 and Table 1 above.

<sup>1</sup> EU member states are treated as individual trading partners with the UK.

<sup>2</sup> [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#)

**Table 2: Top 5 UK goods exports and imports from Georgia 2018 (HS2<sub>3</sub>, £ million)**

Top 5 UK goods exports to Georgia	Value	Top 5 UK goods imports from Georgia	Value
Vehicles other than railway or tramway stock	14	Precious stones and metals	2
Pharmaceutical products	7	Fertilizers	2
Machinery and mechanical appliances	7	Iron and steel	2
Beverages, spirits and vinegar	5	Aluminium and articles thereof	1
Precious stones and metals	3	Inorganic chemicals	1

Source: [HMRC trade statistics by commodity code](#) (accessed 7<sup>th</sup> May 2019). Sectors classified according to Harmonised Systems chapters. Data presented is recorded on a physical movement basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

17. The UK exported £43 million in services to Georgia in 2018 and imported £15 million in services. A detailed breakdown of the type of services traded between the UK and Georgia is not available.

## UK businesses exporting to and importing from Georgia

18. In 2018, HMRC estimated that around 600 VAT registered UK businesses exported goods to, and around 60 VAT registered UK businesses imported goods from, Georgia.<sup>4</sup> As these figures only include businesses trading in goods, they are likely to underestimate the total number of businesses trading with Georgia.

19. For context, provisional survey data from the ONS shows that around 340,500 (non-financial) registered businesses in the UK traded in either goods or services or both in 2017 with another country.<sup>5</sup> This was just under 15% of all VAT/PAYE registered businesses. There were around 203,900 (non-financial) registered businesses in the UK engaged in goods trade with another country and 194,600 (non-financial) registered businesses trading in services in 2017. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

## Economic impact of the EU-Georgia Agreement

20. The EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA), the main economic pillar of the EU-Georgia Agreement, was signed in 2014. The DCFTA officially entered into force in 2016 but has been provisionally applied since 2014.

<sup>3</sup> The Harmonized System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.

<sup>4</sup> HMRC, (2018). [Regional trade statistics interactive analysis: second quarter 2018](#).

<sup>5</sup> ONS, (2018). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain 2017](#).

21. A 2018 European Commission report looking at implementation of EU free trade agreements included information on the EU-Georgia DCFTA.<sup>6</sup> It highlighted that total trade in goods between the EU and Georgia increased by 3.1% between 2015 and 2017. It is not possible, however, to indicate whether this increase was as a result of the EU-Georgia Agreement.

## **Potential loss to UK if the UK-Georgia Agreement is not brought into effect**

22. The UK-Georgia Agreement not being brought into effect would result in UK businesses losing the preferences negotiated in the EU-Georgia Agreement. This would include the re-imposition of many tariffs, returning to World Trade Organization (“WTO”) Most-Favoured-Nation (“MFN”) treatment with Georgia. The benefits derived from trading under preferences within the EU-Georgia Agreement, such as increases in trade flows, may then be reversed.

23. It is unlikely that the entire effect of the EU-Georgia Agreement would disappear. Tariffs would revert to MFN rates, discussed in further detail below, but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long run. For example, the UK might still benefit from any regulatory arrangements agreed because of the EU-Georgia Agreement. Business connections formed because of the EU-Georgia Agreement might endure.

24. The size of the impact of not bringing into effect the UK-Georgia Agreement would depend on the responsiveness of trade flows to increased costs brought about by the loss of trade-related provisions within the UK-Georgia Agreement.<sup>7</sup>

## **Immediate impact if not brought into effect**

### **Impact of tariffs under current MFN rates<sup>8</sup>**

25. Much international goods trade takes place in products for which MFN rates are already zero. However, a free trade agreement provides additional opportunities by reducing tariffs in products where this is not the case. If the UK-Georgia Agreement is not brought into effect, tariffs between the two countries would revert to MFN rates for all trade, other than where Georgia benefitted from preferential access to the UK market under the unilateral preference scheme that the UK is implementing after EU exit (see paragraph 27). This would lead to an increase in duties on some UK exports to, and imports from, Georgia.

26. To estimate the potential impact of losing tariff preferences, assumptions have to be made. If all current trade between the UK and Georgia occurred at the negotiated preferential tariff rate, if current patterns of trade remained unchanged in future, and without taking into account the effect of the UK’s Generalised Scheme of Preferences (“UK GSP”) tariff rates, reverting to Georgia’s current MFN tariff rates and the UK GSP tariff rates would result in an annual increase in total duties of just over £0.6 million. This would predominately be duties on UK

<sup>6</sup> European Commission. (2018). [‘Individual reports and info sheets on Implementation of EU Free Trade Agreements’](#).

<sup>7</sup> Head K and Mayer T. (2014). [‘Gravity Equations - Workhorse, toolkit and cookbook’](#). *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018). [‘Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?’](#). *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

<sup>8</sup> Tariff schedules used in this impact assessment are the applied tariff rates, not bound tariff rates.

exports to Georgia increasing by around £0.4 million, with duties on UK imports from Georgia increasing by around £0.2 million.<sup>9</sup>

27. However, these estimates assume that all tariff preferences offered under the current agreement are fully utilised by exporters. This is unlikely to be true. For example, the Department for International Trade (“DIT”) estimates that 70% of the UK’s eligible goods imports from Georgia in 2016 (defined as those which occurred under tariff lines where a preferential rate was offered under the agreement) were imported utilising the preferences under the agreement.<sup>10</sup> This means that the actual increase in duties could be lower than the estimates above.
28. Similar data on UK eligible goods exports to Georgia is not publicly available. The European Commission has recently published available data on preference utilisation of exports to selected partner Third Countries with free trade agreements, including association agreements, in place. For these countries, 68% of UK eligible goods exports were traded under preferences.<sup>11</sup> This means that the actual increase in duties could be lower than the estimates above.
29. The total duty which would in fact be charged on exports and imports would depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If UK producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above. These are strong assumptions, so this figure should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
30. The indicative estimates show that the largest implied increases in UK export duties would be for beverages, spirits and vinegar (HS22) of up to £0.2 million. The remaining products would have duty increases of less than £0.1 million.
31. As the UK leaves the EU, it is the Government’s intention to establish a unilateral trade preference scheme that offers the same level of access to eligible countries as under the EU Generalised Scheme of Preferences (“EU GSP”)<sup>12</sup>. Georgia has not been a long-standing Upper-Middle Income Country as classified by the World Bank and as such Georgia would be eligible for unilateral preferences under the UK GSP. This would provide some tariff reductions,

<sup>9</sup> DIT calculations using tariff data from [ITC Market Access Map \(MacMap\)](#) and [HMRC trade statistics](#) (accessed March 2019). Implied additional duties are calculated using the difference in MFN and preferential tariff rates and the 2018 value of trade for each product at HS6 level. Different approaches and data sources for this analysis are likely to yield different results. The estimate of implied additional duties may be different to which would be generated if trade and tariff data at a more disaggregated level (CN8 level) were used.

<sup>10</sup> DIT calculations using data from [Eurostat](#) (accessed 19<sup>th</sup> November 2018). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. Nor do they cover services trade.

<sup>11</sup> Nilsson L and Preillon N. (2018). [‘EU Exports, Preferences Utilisation and Duty Savings by Member State, Sector and Partner Country’](#). *European Commission*, pp. 1-17. This report uses data collected by EU Delegations from relevant authorities in countries with which the EU has bilateral reciprocal Association Agreement in place.

<sup>12</sup> The Taxation (Cross-Border Trade) Act enables the UK to put in place a UK trade preferences scheme for developing countries. The Government intends to put in place a trade preference scheme which maintains the preferential market access we currently offer to developing countries under the EU GSP. This will grant duty-free, quota-free access to Least Developed Countries which is a target in the UN’s Sustainable Development Goals and is in line with our commitments in the WTO. It will also maintain the generous tariff reductions for other developing countries.

but not the same level of access as that access as that that would be offered by the UK-Georgia Agreement

32. Accounting for unilateral preferences, the largest implied increases in import duties would be for fertilizers (HS31) of around £0.2 million. The remaining products would have import duty increases of less than £0.1 million.
33. Indicative estimates of implied additional tariff duties are provided above to give a sense of the scale of possible additional costs of trade. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the UK Exchequer and Georgia's Government. However, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare.

### **Businesses**

34. Additional duties could be absorbed by either UK or Georgian businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact UK competitiveness, leading to disruptions in supply chains and job losses in the short term.
35. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including UK exporters that rely on Georgian inputs to export goods to the rest of the world. In 2015 (latest data), around 15.1% of the value added in the UK's gross exports reflected imports from abroad, though the data does not provide how much of this is from imports from Georgia.<sup>13</sup> UK companies which rely on Georgian imports could become less competitive. Given the small share of UK trade under the UK-Georgia Agreement, in this case we would expect these impacts to be relatively small but could be noticeable for some specific companies.

### **Consumers**

36. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, for example those at the lower end of the income distribution, depending on the specific sectors affected. Consumers might also see a reduction in the choice of products and services available. Given the small share of UK trade under the UK-Georgia Agreement, in this case we would expect these impacts to be relatively small overall but could be noticeable on specific product lines.

### **Longer-term impact**

37. In the long run, the UK would forgo the longer-term benefits that the UK-Georgia Agreement would have brought to the UK. This could result in the long-term UK Gross Domestic Product ("GDP") marginally decreasing if a deal is not reached. Given the small share of UK trade under the UK-Georgia Agreement, we would expect the impact on GDP to be relatively small.

<sup>13</sup> OECD, 2018. [Trade in Value Added \(TiVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics.

## **Explanation of this Agreement, including Significant Differences between the UK-Georgia Agreement and the EU-Georgia Agreement**

38. This section provides a discussion of the changes in the UK-Georgia Agreement.

### **Nature of the EU-Georgia Agreement and the UK-Georgia Agreement**

39. Technical transition of the EU-Georgia Agreement with few changes means that the substance of the new UK-Georgia Agreement is broadly the same as the EU-Georgia Agreement. This includes on those issues of particular importance such as human rights, democracy and good governance. Some changes have been made to provisions referring to the Russia-Georgia conflict and Georgia's membership of international institutions to reflect the UK's foreign and security policy. Further details on those provisions are available in the Explanatory Memorandum.

### **Trade**

40. The main effects of the EU-Georgia Agreement have been to encourage greater trade and investment between the EU and Georgia. It has addressed obstacles to trade in goods and services, removed all import duties on goods, banned anti-competitive practices, created a level playing field for the export of goods and services, increased transparency, moved towards international standards in a number of areas, and simplified requirements in customs. The UK-Georgia Agreement contains clear commitments to EU and international standards on Intellectual Property (IP), and UK Geographical Indications ("GIs"), such as Scotch whisky and Irish whiskey, which are protected in the Georgian market.

## General Provisions

### Removal and replacement of references to the EU

41. Where necessary, references to the “European Union”, “the European Community”, the “EU”, “EU Party”, and “Member States” are replaced by “the UK”. Similarly, references to EU institutions have been replaced with appropriate references to the equivalent institutions in the UK. All other references to “European Union”, “the European Commission”, the “EU”, “EU Party”, “Member States” and similar are explicitly changed.

### Territorial Application

42. In the existing EU-Georgia Agreement, the territorial application article defines the Agreement’s territorial application to the EU by referencing the territorial application of the Treaty on the European Union and the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community. Article 365 of the UK-Georgia Agreement applies the Agreement to the extent and under the conditions that the EU-Georgia Agreement applied to the UK and the territories for whose international relations it is responsible.

43. In respect of the UK, the territories to which the UK-Georgia Agreement will apply, other than the UK itself, are:

- a. the Crown Dependencies (Isle of Man, Jersey, Guernsey), to which, broadly, provisions relating to trade in goods and customs apply; and
- b. Gibraltar, to which, broadly, provisions not relating to trade in goods or customs apply.

44. The European Atomic Energy Community (EURATOM) is a party to the EU-Georgia Agreement and Article 429 of the EU-Georgia Agreement provides that the Agreement applies to the territories to which the Treaty establishing EURATOM applies, under the conditions laid down in that Treaty. The EURATOM Treaty applies to all Overseas Territories for whose international relations the UK is responsible, excluding the Sovereign Base Areas of the UK in Cyprus. The Government understands that EURATOM is specified because provisions relating to civil nuclear trade and co-operation (which make up only a small part of the Agreement) fall within EURATOM competence. It was not intended that this should extend the application of the EU-Georgia Agreement to territories to which the Agreement would not otherwise apply. The Government has therefore amended the territorial scope of the EU-Georgia Agreement to remove reference to territories to which the EURATOM Treaty applies, having consulted with relevant territories to ensure they would not be affected. We do not expect this change to have an impact.

### Continuation of Time Periods

45. Article 26(5) of the EU-Georgia Agreement provides that from five years after the entry into force, at the request of either Party, the Parties shall consult to consider broadening the scope of the liberalisation of customs duties in the trade between the Parties. As this time period has now elapsed, the equivalent provision in the UK-Georgia Agreement, Article 25(5), provides that either Party may request such a review from the entry into force of the UK-Georgia Agreement. All other references to time periods in the EU-Georgia Agreement have been replicated in the UK-Georgia Agreement unamended.

### Institutions and Committees

46. Most of the institutional provisions and bodies provided for in the EU-Georgia Agreement have been incorporated and adopted into the UK-Georgia Agreement with some modifications to remain operable in a bilateral UK-Georgia context. Changes have been made to the institutional provisions to reflect the bilateral context of the UK-Georgia Agreement. Article 407 of the EU-Georgia Agreement, for example, states that the Association Committee shall be composed of representatives at senior civil servant level while the UK-Georgia Agreement calls for representatives at the level agreed by the Parties in the UK-Georgia Agreement.
47. The primary body responsible for overseeing the operation and implementation of the UK-Georgia Agreement is the Strategic Partnership and Cooperation Forum (“the Forum”). The Strategic Partnership and Cooperation Forum will be comprised of representatives of the UK and Georgia.
48. Article 354(3) provides that the Forum shall meet at least once a year in a specific configuration to address all issues relating to Title IV (Trade and Trade-Related Matters) of the UK-Georgia Agreement.
49. Article 354(7) provides that, upon entry into force or provisional application of the UK-Georgia Agreement, any decisions adopted by the Association Council, Association Committee or any other Committees or sub-Committees established by the EU-Georgia Agreement before the EU-Georgia Agreement ceased to apply to the UK shall, to the extent those decisions relate to the UK and Georgia, be deemed to have been adopted by the equivalent body or sub-committee established by the UK-Georgia Agreement, *mutatis mutandis*. This approach provides for continuity of effect as it ensures that the decisions in force when the EU-Georgia Agreement ceases to apply to the UK continue to apply under the UK-Georgia Agreement.

## **Amendment Clauses**

50. The Government is committed to ensuring the right level of Parliamentary scrutiny for all amendments to international agreements, whilst ensuring that the UK can keep agreements up to date and respond to changes in domestic legislation or wider economic considerations.
51. Article 362 of the UK-Georgia Agreement is an amendment provision which outlines the process to be followed if the Parties agree to amend the agreement after it enters into force. While there is no overarching amendment article in the EU-Georgia Agreement, parties to a treaty can always mutually agree to amend the text. As such, this provision merely clarifies the process for making amendments. Article 362 provides that the Parties may agree, in writing, to amend the UK-Georgia Agreement. Such an amendment shall enter into force on the date of receipt of the later of the Parties’ notifications that they have completed their internal procedures, or on such date as the Parties may agree. In the UK, amendments to an agreement that are expressly subject to a formal exchange of notes to confirm completion of internal procedures would engage the Parliamentary Scrutiny process set out in the CRaG Act.
52. Article 352 of the UK-Georgia Agreement establishes the Forum which streamlines the Association Council and the Association Committee created under the EU-Georgia Agreement into one forum with the same powers, whilst retaining all sub-committees in Title IV (Trade and Trade-Related Matters). The Association Council under the EU-Georgia Agreement has the power at Article 406(3) to update or amend the Annexes to that agreement. The Forum therefore has the power under Article 355 to update or amend the Annexes to the UK-Georgia Agreement. It is in the UK’s interests for the Forum to have this function, both to ensure continuity of effect of the EU-Georgia Agreement as far as possible and to streamline the process of making changes to the UK-Georgia Agreement, if required.

## **Entry into Force and Provisional Application**



53. Entry into force provisions specify the date from which the terms of an agreement will bind the parties. Existing entry into force provisions have been replaced with new provisions to ensure that, whatever the scenario in which the EU-Georgia Agreement ceases to apply to the UK, the UK-Georgia Agreement enters into force as swiftly as possible thereafter.
54. Article 366 of the UK-Georgia Agreement provides that the Agreement can enter into force bilaterally between the UK and Georgia. Article 366(2) states that the Agreement will enter into force on the later of: (a) the date on which the EU-Georgia Agreement ceases to apply to the United Kingdom, or (b) the date of receipt of the later of the Parties' notifications that they have completed their internal procedures.
55. For the UK-Georgia Agreement to enter into force between the UK and Georgia, both Parties must first complete their domestic legal procedures required for entry into force. In UK domestic law, before an agreement subject to ratification may be brought into force, it must be laid before Parliament for scrutiny under CRaG.
56. Provisional application is a mechanism which allows an agreement to be applied prior to its entry into force. This means that the treaty can be provisionally applied prior to completion of the procedures required by the domestic law of the respective negotiating States for its entry into force, provided any necessary domestic implementing measures are in place. Where the UK and the relevant partner country have agreed that a continuity trade agreement may be provisionally applied from (at the earliest) the date the underlying EU agreement ceases to apply to the UK, the agreement may be operated provisionally from that date if this becomes necessary while, in the case of the UK, the procedures set out in CRaG are completed. A number of the existing EU agreements provide for provisional application and were provisionally applied by the UK as an EU Member State.
57. The UK-Georgia Agreement provides for the possibility of provisional application between the UK and Georgia once their domestic legal requirements for this have been met. Given that the Government is seeking to maintain the effects of the existing EU agreements as the UK leaves the EU, this is a proportionate approach to manage the timing constraints during this unique period and reduces the risk of businesses and consumers experiencing disruption as the UK leaves the EU
58. Article 366 of the UK-Georgia Agreement provides that the UK and Georgia may agree to provisionally apply the agreement, or provisions of it, by an exchange of notifications. In the event that provisional application is necessary to ensure continuity of the UK-Georgia trade, political, economic and social cooperation relationship Article 366 will be used to provisionally apply the UK-Georgia Agreement. Such provisional application shall take effect on the later of:
- a. the date on which the EU-Georgia Agreement ceases to apply to the UK; or
  - b. the date of receipt of the later of (i) the notification of provisional application from the United Kingdom or of (ii) the notification of ratification or provisional application from Georgia.
59. Where the UK-Georgia Agreement is, or provisions of it are, provisionally applied, the term "entry into force" in the UK-Georgia Agreement is deemed to refer to the date of provisional application.

## **Trade Remedies and Dispute Settlement**

60. Trade remedies provide a safety net for domestic industry against unfair or injurious trading practices caused by dumped, subsidised or unexpected surges of imports of goods. Most WTO members have a trade remedies regime. The UK will operate its own regime once outside the EU.

61. The economic benefits of a Strategic Partnership and Cooperation agreement can only be realised if the agreement is faithfully implemented and complied with. A dispute settlement mechanism in an agreement signals the parties' intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising.
62. The UK-Georgia Agreement replicates the effects of the trade remedies provisions and the dispute settlement provisions in the EU-Georgia Agreement. The dispute settlement provisions are set out in Chapter 14 of the UK-Georgia Agreement, its Annexes on the Mediation Mechanism, the Rules of Procedure for Dispute Settlement and the Code of Conduct for Arbitrators and Mediators. Some amendments have been necessary for the purposes of legal certainty and consistency.
63. In Chapter 14 of the EU-Georgia Agreement reference is made to the suspension of "concessions" and/or "other obligations" in the event a temporary offer of compensation has not been made within the requirements of the dispute settlement provisions. The terms "concessions" and/or "other obligations" are used interchangeably throughout Chapter 14 of the EU-Georgia Agreement. Where "concessions" and/or "other obligations" are referred to in Chapter 14 of the UK-Georgia Agreement, we have changed these references to "concessions or other obligations" or "concessions or obligations" to ensure consistency throughout Chapter 14.
64. Article 5(5) of the Mediation Mechanism in the EU-Georgia Agreement includes a provision on interim solutions where, for example, the measure relates to perishable goods. To ensure consistency, we have amended this provision in the UK-Georgia Agreement to include "perishable goods and seasonal goods or services" as this phrase is used elsewhere in the EU-Georgia Agreement.
65. In the EU-Georgia Agreement, article 5(6) of the Mediation Mechanism and article 34 of the Rules of Procedure address the treatment of confidential information in mediation and arbitration. In order to provide greater clarity, we have clarified that this confidential information may be designated as such due to the Parties' domestic legislation.
66. One of the impacts of transitioning the dispute settlement chapters in the existing EU trade agreements is that, in the event that a dispute arises, the UK will be directly responsible for any relevant costs associated with the dispute settlement process.

## **Entry Price System**

67. The existing EU-Georgia Agreement contains a reference to the Entry Price System ("EPS"). The EPS provides for an additional specific import tariff to be levied on 15 kinds of fruits and vegetables entering the EU market if their price falls below specified price thresholds. Some of these fruits and vegetables are produced in the UK whilst others are not. The UK Government has not yet decided whether or not to apply the EPS as part of its long-term MFN tariff policy. Under Article 25-(3) of the UK-Georgia Agreement, the UK has preserved the right, but not the obligation, to introduce legislation replicating the EU's EPS on the same terms. To reflect this, the requirements of its application has been changed from 'shall' to 'may'. We do not expect this to have an impact on trade flows.

## **Approximation**

68. Approximation is the process by which EU partners must align their national laws, rules and procedures in order to give effect to the entire body of EU law contained in the *Acquis Communautaire* ("acquis").

69. Unless their removal affects market access, articles mandating or promoting the gradual approximation of legislation between the EU and Georgia have been removed. Maintaining these commitments would require our partners to approximate to both the UK and the EU's legislation, which would create an inappropriate commitment in a UK specific bilateral context. We do not expect this change to have an economic impact.

# Annexes and Protocols

## Goods

70. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to goods of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the UK and Georgia have, other than in those cases detailed below, been transitioned without changes. This means that tariff preferences applied by the UK for products from Georgia will remain the same as those applied by the EU and, likewise, Georgia will continue to apply the same preferences to products from the UK that it is applying to products from the EU.
71. The only exception to tariff commitments being transitioned without modifications relates to the size of tariff-rate quotas (“TRQs” see below), which can be found in Annex II-A to the UK-Georgia Agreement (concerning Annex II of the EU-Georgia Agreement, as incorporated) where these have to be resized to deal with the fact that the UK will no longer be a member of the EU. These changes are detailed further below.

## Tariff Rate Quotas (TRQs)

### Justification for policy change

72. TRQs allow a certain quantity of a product to enter the market at a zero or reduced tariff rate. Imports above the quantity are subject to a higher tariff rate – usually the MFN rate. The EU has agreed TRQs, both for imports to the EU and to partner countries, in some of its trade and association agreements. In the case of Georgia, there is a single inward TRQ quota for products from Georgia with no outward TRQs for products from the UK. In order for the product to be able to continue to benefit from the use of a TRQ bilaterally in trade between the UK and Georgia, this quota needs to be present in the new UK – Georgia Agreement.
73. The TRQ administered by the UK has been re-sized to reflect the fact that the UK is a smaller importer and exporter than the EU28. Solutions were agreed with Georgia to set the quota to a sufficient level that will allow for continuity of historical trade flows.
74. The quota given in the UK-Georgia Agreement was calculated based on a mixture of customs and trade flow data.
75. In order to address future market access opportunities for UK and partner country businesses, it was also agreed that a minimum level of access should be provided for the quota, based on a proxy measure relevant to UK trade. Doing so allows future market access opportunities for UK and partner country businesses using a fair and evidence-based methodology.

### Impacts

76. Without transitioning this TRQ, and without any other mitigating actions, the good imported from Georgia that is currently covered by a TRQ in the EU-Georgia Agreement could face MFN tariffs. This could make these imports more expensive. The nature of this impact will depend on a number of factors, including existing trading patterns and the behaviour and responsiveness of domestic consumers and businesses to the change in tariff. Historically, and according to trade data, Georgia’s usage of TRQs to export to the UK was low to zero. As

such, we would expect the impact on UK producers and consumers resulting from this approach to resizing TRQs to be limited.

## Inward TRQs

77. See the UK-Georgia Agreement text for more detail of the agreed TRQ, such as the tariff line.

**Table 3: List of TRQs applied by the UK for imports from Georgia and new quota volumes (tonnes, unless otherwise specified)**

CN code 2012	Product description	New UK quota volume (tonnes)
0703 20 00	Garlic, fresh or chilled	30

## Rules of Origin

78. In trade and association agreements, rules of origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good has to “originate” in the territory of one of the parties to the agreement. The trade pillar in an association agreement may also allow materials originating and/or processing in a country other than the exporting party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.

79. There are two categories relevant to determining whether goods “originate” in the exporting country for the purposes of an association agreement:

- a. **Wholly obtained** – These are goods that are wholly obtained or produced entirely in a single country. Examples include mineral products extracted from the soil and live animals born and raised there.
- b. **Substantial transformation** – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
  - i. **Value added** – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
  - ii. **Change in Tariff Classification (CTC)** – This type of rule requires that the final product be sufficiently different from the imported materials so that it moves to a different tariff classification altogether.
  - iii. **Specific processing or manufacturing** – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.

80. As a member of the EU, all UK content is currently considered as “originating” in the EU and UK exports are designated as “EU origin”. This means that originating materials from, and processing in, the UK and the rest of the EU can be used interchangeably in bilateral trade with existing EU trade and association agreement partners. This will no longer be the case when existing EU trade and association agreements stop applying to the UK.

81. At this point, the designation of UK exports will shift from “EU” originating to “UK” originating and EU content will (unless specific provision is made in new agreements) no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the UK, EU and Georgia.
82. To address these implications and to provide maximum continuity for business, the UK-Georgia Agreement provides that EU materials can continue to be used, and count as originating (i.e. cumulated), in UK and Georgian exports to one another. Furthermore, EU processing can continue to be used and count as originating in UK exports to Georgia. The possibilities to cumulate with other third countries, as per the EU-Georgia Agreement, are replicated in the UK-Georgia Agreement on the same terms.
83. The cumulation arrangements are set out in detail in Title II (Definition of the Concept of “Originating Products”) of Protocol I to the UK-Georgia Agreement and are subject to satisfying certain conditions specified in the Agreement.
84. Georgia and the UK (as part of the EU) are currently contracting parties to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (“PEM Convention”) and apply the PEM Convention between them. The PEM Convention is a multilateral agreement that harmonises preferential rules of origin across the Euro-Med area and provides for cumulation between contracting parties to that Convention<sup>14</sup>. The UK’s future relationship with the PEM Convention is yet to be determined, so the UK-Georgia Agreement reflects the provisions of the PEM Convention in a bilateral context with modifications.
85. The text of the Rules of Origin Protocol can be found in the Protocol I to the UK-Georgia Agreement.

## **Impact**

86. If cumulation of EU content for the UK and Georgia were not permitted under the UK-Georgia Agreement, some UK and Georgian-based exporters could find themselves unable to access preferences as they are currently able to under the EU-Georgia Agreement.
87. UK exporters to Georgia who rely on EU inputs might have to revert to paying MFN tariff rates if they continue using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change to existing terms. The impact would, of course, vary across sectors.
88. The UK-Georgia Agreement provides only for trade between the UK and Georgia and does not provide for either party’s direct trade with the EU, including, for example, where UK and Georgian country-based exporters use content from each other in exports to the EU.

## **Customs**

89. The EU-Georgia Agreement customs provisions were replicated in the UK-Georgia Agreement. However, minor changes were made to Protocol II. Article 14(2) of the EU Georgia Agreement was amended to refer to both the UK and Georgia. Article 14(1)(c) of Protocol II, which relates to mutual administrative assistance between the EU and Georgia, was not incorporated into the UK-Georgia Agreement, as this provision refers to communication between competent services

<sup>14</sup> The Contracting Parties as defined in the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin as at the date the Agreement is signed.

of the European Commission and the customs authorities of EU Member States and is therefore not relevant in a UK bilateral agreement.

## **Sanitary and Phytosanitary (SPS)**

90. The SPS provisions in the EU-Georgia Agreement which have been transitioned across to the UK-Georgia Agreement are set out in Chapter 4 (Sanitary and phytosanitary measures) of Title IV; Annex IV (Coverage), including Annex IV-A (SPS Measures), Annex IV-B (Animal Welfare Standards), Annex IV-C (Other Measures Covered by Chapter 4 of Title IV); Annex V (List of Notifiable Animal and Aquaculture Diseases and Regulated Pests for which Regional Freedom can be Recognised), including Annex V-A (Animal and Fish Diseases Subject to Notification, for which the Status of the Parties is Recognised and for which Regionalisation Decisions may be taken), Annex V-B (Recognition of the Pest Status, Pest Free Areas or Protected Zones); Annex VI (Regionalisation/Zoning, Pest-Free Areas and Protected Zones); Annex VII (Provisional Approval of Establishments), Annex VIII (Process of Recognition of Equivalence); Annex IX (Import Checks and Inspection Fees); Annex X (Certification) and Annex XII (Status of Equivalence).
91. Minor, non-substantive changes were made to remove the reference to EU Protected Zones and replace them with Pest Free Areas. This does not affect the operation of the UK-Georgia Agreement.
92. Minor, non-substantive changes were made to Article 59(6) in the EU-Georgia Agreement to reflect that both the UK and Georgia are members of the World Organisation for Animal Health (“OIE”) and meet requirements on notification of any outbreaks of diseases on the market. We do not expect these changes to have an impact.
93. In accordance with the approach outlined in paragraph 69, we have deleted all references to approximation. This does not affect the operation of the UK-Georgia Agreement.

## **Intellectual Property and Geographical Indications**

94. Our existing obligations on intellectual property (“IP”) found in international and trade agreements will remain in place. The UK will remain a member of the World Intellectual Property Organization (“WIPO”) and remain fully compliant with those WIPO treaties to which we are already a party. The UK will also remain fully compliant with the World Trade Organization’s Agreement on the Trade Related Aspects of Intellectual Property Rights (“TRIPS”).
95. The IP chapter includes issues such as approximation, EU regulation and time bound commitments as noted above.
96. Article 152 of the EU Georgia Agreement has been modified to make it in line with TRIPS which retains flexibility for members to adopt their own exhaustion regime.
97. Article 159(1) of the EU Georgia Agreement has been changed to prevent any breach of copyright in the future for certain works. The new wording says that the rights of an author of a literary or artistic work shall run for “no less than the life of the author and for 70 years after his/her death”. The original wording said that the rights shall run for “the life of the author and for 70 years after his/her death”. However, in the UK, there already existed longer copyright terms for certain works, due to transitional provisions agreed as part of the Copyright, Designs & Patents Act 1988. The change in the agreement with Georgia ensures that the UK will not breach these authors’ right to property.

98. The UK-Georgia Agreement retains the protections provided in the EU-Georgia Agreement when the UK ceases to be bound by that agreement for UK and Georgian GIs. The retained protections include those that extend to the territory of both Northern Ireland and the Republic of Ireland, known as ‘transborder GIs’ for Irish Whiskey/ Uisce Beatha Eireannach/ Irish Whisky, Irish Cream and Irish Poteen / Irish Poitín. All other GIs, traditional expressions and protected designations which relate to EU Member States that are not the UK are not incorporated into the relevant annex of the UK-Georgia Agreement. This is because the UK-Georgia Agreement is a bilateral agreement, and therefore can only protect GIs of States that are party to that agreement. This has no effect on existing GI protections relating to EU Member States in Georgia, which will remain protected under the EU-Georgia Agreement.
99. We do not expect any of the changes to IP provisions to have an impact on bilateral trade flows between the UK and Georgia as they are simply technical changes designed to ensure continuity of effect.

## **Sustainability**

100. The UK has long supported the promotion of our values globally and this will continue as we leave the EU. We want to ensure economic growth, development and labour and environmental protection go hand-in-hand. The Trade and Sustainable Development chapters in EU association agreements have played an important role in this to date and in very large part they have been replicated in their entirety in Articles 219-235 of the UK-Georgia Agreement. We do not expect these changes to have an impact.
101. Sustainability chapters often refer to other (non-EU) international agreements on issues like labour and environment, which the UK and the partner country are members of in their own right and so these provisions will continue to apply once the UK has left the EU.

## **Government Procurement**

102. Government procurement commitments in trade agreements provide enforceable rules and standards for a transparent and non-discriminatory framework on government procurement. They also liberalise specific procurement markets between the parties and provide enforceable market access commitments.
103. The UK-Georgia Agreement has retained the commitments on public procurement that relate to the UK and Georgia.
104. Article 146 of the EU-Georgia Agreement refers to a requirement that Georgia progressively approximates its domestic public procurement legislation with the EU public procurement acquis. This approximation is to take place in accordance with the timetable and phases set out in the agreement’s Annex XVI. In addition, the agreement requires that reciprocal opening of respective procurement markets is to be gradually attained through five years and is to be linked to the progress towards approximation set out in Article 146. In the UK-Georgia Agreement, commitments relating to approximation to aspects of the EU procurement acquis have been removed, but commitments that relate to the time-phased reciprocal opening of procurement market access offer have been retained. In the UK-Georgia Agreement, the phased opening of the market will take place on the dates specified in Annex XII-B, rather than when the approximation targets have been reached (i.e. the specified dates in the UK-Georgia Agreement are the same as the EU-Georgia approximation dates). This approach retains the staged market access benefit of the agreement. The changes could potentially reduce incentives for Georgia to meet EU approximation targets, but we do not expect the changes to have any impact.



## Technical Barriers to Trade

105. Technical Barriers to Trade (“TBT”) articles in trade or association agreements cover aspects relating to regulations, standards and conformity assessment for goods. TBT provisions in preferential trade agreements play an important role in reducing non-tariff barriers for businesses, for example through increasing the transparency of a trading partner’s regulatory requirements. Changes to these provisions have been limited to non-substantive technical changes.
106. The EU-Georgia Agreement originally contained provisions for Georgia to approximate their legislation to that of the EU *acquis*. We have followed the general approach detailed earlier in this report and removed this provision from the UK-Georgia Agreement, as it would not be appropriate to replicate such a provision in a UK context.
107. The approximation clauses do not impact market access in relation to TBT, as the commitments to approximation in the original EU-Georgia Agreement remain.

## Competition

108. Chapters or articles in trade or association agreements relating to competition, subsidies/state aid and state-owned enterprises help to ensure a level playing field exists for both parties. They detail key principles and can refer to domestic laws for each party.
109. No technical changes were necessary in the areas of competition, subsidies/state aid and state-owned enterprises. The UK-Georgia Agreement will not have any effect on the financial support the Government provides to our agricultural and fishing industries.

## Services

110. Services chapters and corresponding annexes in trade and association agreements set out the treatment and the level of access to the domestic market granted to that trade partner’s service suppliers and services. Commitments written into these agreements build upon the level of access and the treatment granted to all WTO members, whilst protecting governments’ right to regulate their domestic markets.
111. Amongst the EU’s agreements with third countries, the content of the services chapters and depth of the commitments undertaken vary considerably. The variety of these services provisions have in some cases necessitated a bespoke approach to deliver continuity in services commitments between the UK and the third country. Some agreements have not required amendment whilst others have required technical alteration to their text to deliver continuity of effect. Where such technical changes have been necessary, the effects of the original commitments have been replicated as far as is operable.
112. The services provisions in the UK-Georgia Agreement include changes from the EU-Georgia Agreement to remove references to regulatory approximation, which is the process by which EU trading partners must align their laws, rules and procedures in specific sectors in order to give effect to the entire body of EU law contained in the EU *acquis*. Regulation for services governs the operation of services markets, and influences services trade flows. Regulatory approximation by a trading partner guarantees that trade in services in the specific sectors is regulated as the EU would expect. The provisions in the EU-Georgia agreement were included in the context of regulatory approximation.
113. In replicating the effects of the EU-Georgia Agreement in the UK-Georgia Agreement, the provisions which contain the obligation to approximate in services have been removed

because they would no longer be operable. This has created the need for consequential amendments to maintain operability of the establishment commitments for service providers, ensuring continuity in the bilateral trade relationship between the UK and Georgia. This includes amendments to Articles 110 and 129 of the UK-Georgia Agreement, and additional reservations taken in Annex XI-A to bring the UK-Georgia Agreement into line with other EU trade agreements which do not contain the obligation to approximate. We do not expect these changes to have an impact.

## **Energy Community Treaty**

114. The Energy Community Treaty (“ECT”) extends EU energy market legislation to the Contracting Parties to the ECT. Contracting Parties have agreed to implement core EU energy legislation and to create an integrated energy market allowing for cross-border energy trade and integration with the EU market. The ECT is between the EU and the Contracting Parties and the UK is not a member of the ECT in its own right. After exit, the UK will not seek to become a party to the ECT. Therefore, in line with the approach to other provisions which include approximation to the EU acquis, provisions relating to the ECT shall not apply to the UK.

## **Internal waterways arrangements**

115. References to EU internal waterway arrangements such as the ‘Rhine-Main-Danube Link’ in Annexes XI-A and XI-B, have been removed as they no longer apply in a bilateral context. There is no envisaged economic impact of this change.

## **Aircraft leasing text**

116. In Annex XI-B a minor change has been made to market access reservations requiring that aircraft used by Community air carriers be registered in the Member State licensing the air carrier or elsewhere in the Community. For this reservation, the phrase 'or elsewhere in the European Union' and a reference to the licensing European Member States have been removed as they are no longer required in the bilateral context.

117. The reservation requires that aircraft used by UK carriers be registered in the UK in certain circumstances. We would expect that any economic impact of this change would be limited. UK carriers will continue to benefit from a network of Air Services Agreements.

118. The Common Aviation Area liberalises air transport by extending the single market in the field of aviation to various third countries. It is based on various international agreements between the EU and third countries, including the European Common Aviation Area (ECAA) Agreement. Third country parties to these agreements are required to implement the relevant EU acquis in the aviation sector. When the UK leaves the EU, it will no longer be party to the ECAA and related agreements and will instead revert to traditional bilateral air services arrangements with partner countries. In line with the Government’s wider approach to international agreements affected by our departure from the EU, these new bilateral arrangements will seek to replicate the effects of existing EU agreements as far as is possible on a bilateral basis.

## **Professional Services Recognition**

119. A reservation that clarified that recognition of Diplomas is required in order to practise regulated professional services by non-Union nationals remained within the competence of each Member State has been removed from Annexes XI-C and XI-D as this is not applicable in a bilateral context. There is no envisaged economic impact of this change.







CCS0120835350

978-1-5286-1719-2