



HOUSE OF LORDS

European Union Committee

44th Report of Session 2017–19

Scrutiny of international agreements

Treaties considered on 9 July 2019

Ordered to be printed 9 July 2019 and published 10 July 2019

Published by the Authority of the House of Lords

The European Union Committee

The European Union Committee is appointed each session “to scrutinise documents deposited in the House by a Minister, and other matters relating to the European Union”.

In practice this means that the Select Committee, along with its Sub-Committees, scrutinises the UK Government’s policies and actions in respect of the EU; considers and seeks to influence the development of policies and draft laws proposed by the EU institutions; and more generally represents the House of Lords in its dealings with the EU institutions and other Member States.

On 14 January 2019 the Procedure Committee decided that the European Union Committee should, until the end of the 2017–19 session of Parliament, be responsible for scrutinising Brexit-related treaties or international agreements.

The six Sub-Committees are as follows:

Energy and Environment Sub-Committee
External Affairs Sub-Committee
Financial Affairs Sub-Committee
Home Affairs Sub-Committee
Internal Market Sub-Committee
Justice Sub-Committee

Membership

The Members of the European Union Select Committee are:

Lord Boswell of Aynho (Chair)	Baroness Hamwee	Baroness Primarolo
Baroness Brown of Cambridge	Lord Jay of Ewelme	Lord Ricketts
Lord Cavendish of Furness	Lord Kerr of Kinlochard	Lord Soley
Baroness Coultie	Earl of Kinnoull	Lord Teverson
Baroness Donaghy	Baroness Neville-Rolfe	Baroness Verma
Baroness Falkner of Margravine	Lord Polak	Lord Wood of Anfield
Lord Faulkner of Worcester		

Further information

Publications, press notices, details of membership, forthcoming meetings and other information is available at <http://www.parliament.uk/hleu>.

General information about the House of Lords and its Committees is available at <http://www.parliament.uk/business/lords>.

Committee staff

The current staff of the Committee are Christopher Johnson (Principal Clerk), Stuart Stoner (Clerk), Roberto Robles (Policy Analyst), Tim Mitchell (Legal Adviser), Alex Horne (Legal Adviser) and Samuel Lomas (Committee Assistant).

Contact details

Contact details for individual Sub-Committees are given on the website. General correspondence should be addressed to the Clerk of the European Union Committee, Committee Office, House of Lords, London, SW1A 0PW. Telephone 020 7219 5791. Email euclords@parliament.uk.

Twitter

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

CONTENTS

	<i>Page</i>
Summary	2
Chapter 1: Agreements reported for information	3
Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Colombia, the Republic of Ecuador and the Republic of Peru, of the other part	3
Appendix 1: List of Members, declarations of interest and Sub-Committee staff	7

SUMMARY

This is the European Union Committee's thirteenth report on Brexit-related treaties, or international agreements, laid before Parliament in accordance with section 20 of the Constitutional Reform and Governance Act 2010 (the CRAG Act).

This report addresses one agreement, which we have reported for information:

- Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Colombia, the Republic of Ecuador and the Republic of Peru, of the other part [CP 122]

Scrutiny of international agreements: treaties considered on 9 July 2019

CHAPTER 1: AGREEMENTS REPORTED FOR INFORMATION

Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Colombia, the Republic of Ecuador and the Republic of Peru, of the other part¹

1. The UK-Andean Countries Trade Agreement was laid on 14 June 2019, and the scrutiny period is scheduled to end on 22 July. It was considered by the EU External Affairs Committee at its meeting on 27 June.
2. The precursor agreement to the UK-Andean Countries Trade Agreement is the EU-Andean Countries Trade Agreement,² which has been provisionally applied by Peru and Colombia since 2013, with Ecuador acceding to it in 2017. Bolivia, while a member of the Andean Community, has not sought accession. The UK-Andean Countries Trade Agreement seeks to ensure continuity of effect with the EU Agreement by incorporating it *mutatis mutandis*,³ with only a small number of modifications. Consequently, the UK Agreement has been published in short form.
3. The UK's combined trade with Colombia, Peru and Ecuador ('the signatory Andean countries') accounts for less than 0.3% of total UK trade. In 2017, UK services exports were worth £0.5 billion and UK goods exports accounted for £0.7 billion. Main UK goods exports include machinery and mechanical appliances, mineral fuels or oils and vehicles. Main UK goods imports from the Andean countries include fruits and nuts, mineral fuels or oils and machinery and mechanical appliances.
4. The Agreement—like other trade agreements previously considered by the Committee—introduces an extended cumulation of origin. This allows both parties to recognise materials from the EU as originating in the UK or a signatory Andean country in exports to one another. EU processing can, under certain conditions, also be recognised in UK exports to signatory Andean countries and vice versa.⁴ The Government notes that, without these provisions, products from the UK or signatory Andean country using EU content would no longer meet the origin requirements for preferential

1 Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Colombia, the Republic of Ecuador and the Republic of Peru, of the other part, CP 122, 2019: <https://www.gov.uk/government/publications/ms-no222019-trade-agreement-between-the-united-kingdom-of-great-britain-and-northern-ireland-of-the-one-part-and-the-republic-of-colombia-the-r> [accessed 20 June 2019]

2 Council Decision of 31 May 2012 on the signing, on behalf of the Union, and provisional application of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part, [OJ L 354](#) (21 December 2012) [accessed 20 June 2019]

3 The Latin term *mutatis mutandis* is used when comparing two or more things to say that, although changes will be necessary in order to take account of different situations, the basic point remains the same. For more detail, see our report [Scrutiny of international agreements: treaties considered on 26 February 2019](#) (31st Report, Session 2017–19, HL Paper 300)

4 More detail on cumulation of origin is available in Box 2 of our report [Scrutiny of international agreements: treaties considered on 26 February 2019](#) (31st Report, Session 2017–19, HL Paper 300)

treatment by the other party.⁵ The EU Agreement also contains Origin Quotas. These allow a specified volume of listed product lines (e.g. swimwear) to be exported under more lenient rule of origin criteria, by lowering the percentage of originating content. Origin Quotas have been retained in the UK Agreement, although they have been resized to reflect the UK's smaller market size compared to the EU28.

5. While tariff levels in the UK Agreement will remain the same as in the precursor EU Agreement, tariff rate quotas (TRQs) have been resized to reflect trade flows between the UK and the Andean countries. The UK Government based the resized TRQs on customs, trade flow and usage data. To maintain market access, both sides agreed to provide a minimum level of access by basing TRQs on a proxy measure where data showed historic trade as being very low or non-existent.
6. The precursor EU Agreement allows Andean countries to impose higher duties on specific agricultural products if the import volume exceeds a certain trigger level. This has been rolled over, but the trigger points have been resized to reflect the import of UK goods into Andean countries.
7. The EU Agreement included a commitment to review in 2019 the tariff liberalisation of bananas. This commitment has been replicated, but with a modified date for review—no later than two years after entry into force of the UK Agreement. Should the scheduled review be completed and adopted by the Trade Committee (the EU Agreement's governance body) while the EU Agreement still applies to the UK, then it will be incorporated into the UK Agreement under Article 6. This Article states that any decisions taken by the Trade Committee while the EU Agreement still applies to the UK are deemed to have been adopted *mutatis mutandis* by the Trade Committee established under the UK Agreement.
8. Protections afforded to the geographical indications (GIs) of all Parties under the EU Agreement have been retained. Additionally, UK-Irish cross-border GIs (e.g. Irish Whisky and Irish Cream) have been included in the UK Agreement. There are currently 14 GI applications that Andean countries have lodged with the EU and that are pending. A joint declaration in the UK Agreement sets out the Andean countries' intention to deliver these 14 applications to the UK on the date of its exit from the EU, or when the GI scheme of the EU ceases to apply to the UK, whichever comes later. The Agreement includes a commitment by the UK to process these applications "in a transparent and efficient manner".⁶
9. Both the Explanatory Memorandum (EM) and the Parliamentary Report accompanying the Agreement contain detailed information about the process for making future amendments to the Agreement. This is a welcome development, given that previous Committee reports have repeatedly called on the Government to spell out more clearly the process for future amendments and the circumstances under which these would be subject to the scrutiny processes under the Constitutional Reform and Governance Act 2010 (CRAG).⁷

5 Department for International Trade, Continuing the United Kingdom's trade relationship with the Republic of Colombia, the Republic of Ecuador and the Republic of Peru, (June 2019) para 80: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808947/UK-Andean_countries_trade_agreement_parliamentary_report.pdf [accessed 20 June 2019]

6 Modifications to Annex XIII, lists of geographical indications.

7 A point first made in our European Union Committee report, [Scrutiny of international agreements: treaties considered on 26 February 2019](#) (31st Report, Session 2017–19, HL Paper 300).

10. Under Article 334 of the EU-Andean Countries Trade Agreement, as incorporated by the UK-Andean Countries Trade Agreement, the Parties may mutually agree in writing to amend the text of the Agreement. The explanatory materials confirm that amendments made via this Article would engage the process of parliamentary scrutiny under CRAG.
11. The Trade Committee may also make modifications to the Agreement and the explanatory materials cite the acceleration of tariff reductions as an example. To have effect, any such modifications would be adopted subject to the respective applicable legal procedures. Department for International Trade (DIT) officials have confirmed that, in such cases, the CRAG Act would not be engaged. Only if implementing domestic legislation was required would the relevant amendments be subject to parliamentary scrutiny. This could leave a scrutiny gap in those circumstances where amendments would not require changes to domestic law. As set out in our report, *Scrutiny of international agreements: lessons learned*,⁸ to support appropriate scrutiny in future, the Government should report regularly to Parliament on changes to international agreements, including matters such as decisions by Joint Committees operating under those agreements.
12. Parts of the Agreement also apply to Gibraltar, the Channel Islands and the Isle of Man. Article 3 states that the Agreement will apply to these territories to the same extent as the EU Agreement had applied to them. We regret that the explanatory materials do not expand on this, resulting in a lack of clarity over which parts of the UK Agreement apply to the Channel Islands, the Isle of Man and Gibraltar. In some recent agreements, and at the request of the Committee, Parliamentary Reports provided more detailed information. For example, the Parliamentary Report on the CARIFORUM Agreement⁹ laid out that, in general, the territorial application provisions work as follows:
 - (a) Crown Dependencies (Isle of Man, Jersey, Guernsey): broadly, trade in goods provisions and tariffs will apply
 - (b) Gibraltar: provisions not relating to goods and customs will apply
 - (c) Other Overseas Territories: specific provisions on cumulation and rules of origin will apply.

DIT officials have confirmed that the same principles apply in respect of this Agreement, with the qualification that this particular Agreement does not extend to the Other Overseas Territories. We ask the Government to revert to providing more detailed information on the geographical extent of agreements in future.

13. Finally, the EM indicates that the Government is engaging with and has consulted the devolved administrations, Gibraltar and the Crown Dependencies. However, while the EM states that DIT can confirm that the draft agreements “once stable, are shared with DAs”, it does not make clear whether the text of this specific Agreement was shared with them prior to signature. Following an exchange with officials, we confirmed that the

8 European Union Committee, *Scrutiny of international agreements: lessons learned* (42nd Report, Session 2017–19, HL Paper 387) para 68

9 Department for International Trade, *Continuing the United Kingdom’s trade relationship with the CARIFORUM States*, (April 2019) paras 52–53 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/803587/CARIFORUM-UK-EPA.pdf [accessed 27 June 2019]

Agreement was shared when it was initialled. We ask the Government to ensure that, in future, where specific agreements have been shared with the DAs, this is explicitly stated in the consultation section of each EM.

14. **We report the UK-Andean Countries Trade Agreement to the House for information.**

APPENDIX 1: LIST OF MEMBERS, DECLARATIONS OF INTEREST AND SUB-COMMITTEE STAFF

Members of the European Union Select Committee

Lord Boswell of Aynho (Chair)
 Baroness Brown of Cambridge
 Lord Cavendish of Furness
 Baroness Coultie
 Baroness Donaghy
 Baroness Falkner of Margravine
 Lord Faulkner of Worcester
 Baroness Hamwee
 Lord Jay of Ewelme
 Lord Kerr of Kinlochard
 The Earl of Kinnoull
 Baroness Neville-Rolfe
 Lord Polak
 Baroness Primarolo
 Lord Ricketts
 Lord Soley
 Lord Teverson
 Baroness Verma
 Lord Wood of Anfield

Declarations of interest

Lord Boswell of Aynho (Chair)
In receipt of salary as Principal Deputy Chairman of Committees, House of Lords
Shareholdings as set out in the Register of Lords' Interests
Income is received as a Partner (with wife) from land and family farming business trading as EN & TE Boswell at Lower Aynho Grounds, Banbury, with separate rentals from cottage and grazing
Land at Great Leighs, Essex (one-eighth holding, with balance held by family interests), from which rental income is received
House in Banbury owned jointly with wife, from which rental income is received
Lower Aynho Grounds Farm, Northants/Oxon; this property is owned personally by the Member and not the Partnership

Baroness Brown of Cambridge
Vice Chair of the Committee on Climate Change
Chair of the Adaptation Sub-Committee of the Committee on Climate Change
Chair of the Henry Royce Institute for Advanced Materials
Chair of STEM Learning Ltd
Non-Executive Director of the Offshore Renewable Energy Catapult
Chair of The Carbon Trust
Council member of Innovate UK

Lord Cavendish of Furness
Director, Burlington Slate Limited
Shareholder, Holker Holdings Limited
Shareholder, Cartmel Steeplechases (Holker) Limited

Shareholder, Holker Estates Co Limited
Shareholder, Holker Homes Limited
Shareholder, Burlington Slate Limited
Roose and Walney Sand and Gravel Company Limited (The) (Dormant)
Holker Estates Co Limited
Holker Holdings Limited
Cartmel Steeplechases (Holker) Limited
Corrie and Co Limited
Guides over the Kent and Levens Sands Limited
Beneficiary of a Family Trust which owns land in South Cumbria,
including residential and business property
Owner of a flat in London SW1 from which rental income is received
Owner of woodlands based in South Cumbria

Baroness Coughtie

No relevant interests declared

Baroness Donaghy

Former President of the Trades Union Congress

Baroness Falkner of Margravine

Member, British Steering Committee: Koenigswinter, The British-German Conference

Member, Advisory Board, Demos

Lord Faulkner of Worcester

Chairman, Great Western Railway Advisory Board

Chairman, Alderney Gambling Control Commission

Her Majesty's Government's Trade Envoy to Taiwan

Baroness Hamwee

No relevant interests declared

Lord Jay of Ewelme

Trustee (Non-Executive Director), Thomson Reuters Founders Share Company

Vice Chairman, European Policy Forum Advisory Council

Member, Senior European Experts Group

Trustee, Magdalen College, Oxford Development Trust

Lord Kerr of Kinlochard

Chairman, Centre for European Reform

Deputy Chairman, Scottish Power PLC

Member, Scottish Government's advisory Standing Council on Europe

The Earl of Kinnoull

Farming interests as principal and as charitable trustee, in receipt of agricultural subsidy

Chairman, Culture Perth and Kinross, in receipt of governmental subsidy

Chairman, United Kingdom Squirrel Accord, in receipt of governmental monies

Director, Horsecross Arts, in receipt of governmental subsidy

Shareholdings as set out in the register

Baroness Neville-Rolfe

Former Commercial Secretary, HM Treasury

Former Minister of State for Energy and Intellectual Property

Chair, Assured Food Standards Ltd

Non-Executive Director, Capita Plc

Non-Executive Director, Secure Trust Bank
Governor, London Business School
Shareholdings as set out in the register
Trustee (Non-Executive Director), Thomson Reuters Founders Share Company

Lord Polak

Employment and business as set out in the Register of Lords' interests

Baroness Primarolo

Non-executive director and chair, Thompson's Solicitors
Chair, Remuneration Board, National Assembly for Wales

Lord Ricketts

Non-Executive Director, Group Engie, France
Strategic Adviser, Lockheed Martin UK
Charitable activities as set out in the Register of Interests

Lord Soley

Member: International Institute for Strategic Studies, Royal College of Defence Studies, Chatham House

Lord Teverson

Trustee, Regen SW
In receipt of a pension from the European Parliament

Baroness Verma

No relevant interests declared

Lord Wood of Anfield

No relevant interests declared

Dr Holger Hestermeyer, Shell Reader in International Dispute Resolution at King's College London, is acting as Specialist Adviser supporting the Committee's scrutiny of international agreements, and has declared no relevant interests.

Sub-Committee Members and staff

EU Energy and Environment Sub-Committee

Lord Teverson (Chair)
 Lord Addington
 Lord Arbuthnot of Edrom
 Baroness Bryan of Partick
 Baroness Byford
 Lord Cameron of Dillington
 Lord Kerr of Kinlochard
 Baroness McIntosh of Pickering
 Lord Maxton
 The Duke of Montrose
 The Earl of Stair
 Lord Young of Norwood Green

For relevant interests see: https://www.parliament.uk/documents/lords-committees/eu-energy-environment-subcommittee/scrutiny-2017-19/DoI_Scrutiny_2017-19.pdf

The Sub-Committee staff are Jennifer Mills (Clerk), Paul Dowling (Policy Analyst) and Jodie Evans (Committee Assistant).

EU External Affairs Sub-Committee

Baroness Verma (Chair)
Lord Alderdice
Baroness Brown of Cambridge
Baroness Chalker of Wallasey
Lord Davies of Stamford
Lord Faulkner of Worcester
Baroness Finn
Lord Fraser of Corriegarth
Lord Oates
The Earl of Sandwich
Baroness Symons of Vernham Dean
Lord Wood of Anfield

For relevant interests see: <https://www.parliament.uk/documents/lords-committees/eu-external-affairs-subcommittee/members-interests-2019.pdf>

The Sub-Committee staff are Jennifer Martin-Kohlmorgen (Clerk), Julia Ewert (Policy Analyst) and Mithula Parayoganathan (Committee Assistant).

EU Financial Affairs Sub-Committee

Lord Bruce of Bennachie
Lord Cavendish of Furness
Baroness Couttie
Lord Desai
Lord Giddens
Baroness Liddell of Coatdyke
Baroness Neville-Rolfe
Lord Sharkey
Lord Thomas of Cwmgiedd
Viscount Trenchard
Lord Turnbull
Lord Vaux of Harrowden

For relevant interests see: <https://www.parliament.uk/documents/lords-committees/eu-financial-affairs-subcommittee/declarations-of-interests-session-2017-19/Interests-2017-19.pdf>

The Sub-Committee staff are Matthew Manning (Clerk), Erik Tate (Policy Analyst) and Hadia Garwell (Committee Assistant).

EU Home Affairs Sub-Committee

Lord Jay of Ewelme (Chair)
Lord Best
Baroness Jolly
Lord Kirkhope of Harrogate
Lord McNally
Baroness Newlove
Lord O'Neill of Clackmannan
Baroness Primarolo
Lord Ricketts
Baroness Scott of Bybrook
Lord Soley
Lord Watts

For relevant interests see: <https://www.parliament.uk/documents/lords-committees/eu-home-affairs-subcommittee/scrutiny-work/Scrutiny-interests.pdf>

The Sub-Committee staff are Pippa Patterson (Clerk), Megan Jones (Policy Analyst) and George Stafford (Committee Assistant).

EU Internal Market Sub-Committee

Baroness Donaghy (Chair)
 Lord Berkeley
 Lord Carter of Coles
 Lord Lansley
 Lord Lilley
 Baroness McGregor-Smith
 Lord Mountevans
 Baroness Prashar
 Lord Robathan
 Lord Russell of Liverpool
 Lord Shipley
 Lord Vallance of Tummel
 Lord Wigley

For relevant interests see: <https://www.parliament.uk/documents/lords-committees/eu-internal-market-subcommittee/Declarations-of-Interests-for-Scrutiny-work-2017-19.pdf>

The Sub-Committee staff are Rosanna Barry (Clerk), Francesca D'Urzo (Policy Analyst) and Glenn Chapman (Committee Assistant).

EU Justice Sub-Committee

Lord Anderson of Ipswich
 Lord Anderson of Swansea
 Lord Cashman
 Baroness Deech
 Lord Dholakia
 Lord Gold
 Baroness Goudie
 Baroness Hamwee
 The Earl of Kinnoull
 Lord Polak
 Lord Rowlands
 Lord Wasserman

For relevant interests see: <https://www.parliament.uk/documents/lords-committees/eu-justice-subcommittee/Scrutiny-Interests/declarations-of-interest-for-scrutiny-work-2017-19.pdf>

The Sub-Committee staff are Alex McMillan (Clerk) and Amanda McGrath (Committee Assistant).

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-financial-interests/house-of-lords-commissioner-for-standards-/register-of-lords-interests/>