I would like to extend my thanks to your committee and officials for the considered report 'Scrutiny of international agreements - Treaties considered on 19 March 2019'. I wanted to write to you as soon as possible and offer a response to the points raised, in respect to the UK-Israel Trade and Partnership Agreement (UK-Israel Agreement) and the UK-Palestinian Authority Political Trade and Partnership Agreement (UK-Palestinian Authority Interim Agreement). We support the spirit with which the Committee has approached scrutiny of the UK-Palestinian Authority Interim Agreement.

**Scrutiny of future changes to agreements**

We welcome the committee's continuing interest in the scrutiny of future changes to agreements, first raised in your report on 26 February 2019. The Government remains committed to ensuring the right level of Parliamentary scrutiny for all amendments to agreements. As mentioned, the previous scrutiny arrangements, via the EU Scrutiny Committees, developed over time to reflect our position in the EU. We now need a process that is right for the UK whilst ensuring we can keep treaties up to date and respond to changes in domestic legislation or wider economic considerations.

A treaty may be amended by agreement between the parties. In the UK context, the vast majority of agreements amending a treaty that are subject to ratification would engage the process of parliamentary scrutiny set out in the Constitutional Reform and Governance Act (2010)\(^1\). The UK-Israel Agreement and the UK-Palestinian Authority Interim Agreement make specific provision for the Parties to make amendments to the Agreements and for the Joint Committees established under the Agreement to make changes to the Annexes and Protocols to the agreements. It is in our interest for the Committees to have this function, both to ensure continuity as far as possible and to streamline the process of making amendments to the treaty for technical or administrative changes, if required.

\(^1\) Noting the UK-Palestinian Authority Interim Political, Trade and Partnership Agreement is not formally subject to Section 20 CRAG Act nor subject to a statutory parliamentary scrutiny process.
Entry into Force and Provisional Application

As you state in your report, the scrutiny period for both the UK-Israel Agreement and the UK-Palestinian Authority Interim Agreement concludes on 2 April 2019. You will now be aware of the EU's decision to grant the UK an extension to Article 50 so that the UK may exit the EU on 12 April 2019 or, if the Withdrawal Agreement is passed, on 22 May 2019. Subject to the necessary legislative changes to the European Union (Withdrawal) Act 2018, scrutiny should now conclude before the UK's possible exit from the EU. However, to be clear, the negotiating parties have agreed, in the cases of the UK-Israel Agreement and the UK-Palestinian Authority Interim Agreement, to allow the agreement to be provisionally applied from the date the underlying EU agreements cease to apply to the UK, should this be necessary. Given that the Government is seeking to maintain the effects of the existing EU agreements as the UK leaves the EU, we believe 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. Further detail on provisional application is provided in the parliamentary reports.

Cumulation

On cumulation, your report states that "both Israel and the EU are parties to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention), adding a layer of complexity that is not fully reflected in the parliamentary report."

That is correct, the EU and Israel are currently contracting parties to the PEM Convention. The report makes it clear that the UK's relationship with the PEM Convention is, in part, dependant on, and impacted by, future UK-EU trading arrangements. As a result, the UK-Israel Agreement replicates the rules of origin provisions that are contained in the PEM Convention, including the cumulation arrangements with other parties, in a bilateral setting to provide immediate continuity in trade for businesses in both the UK and Israel.

Territorial Application

We are aware of the Committee's interest in the territorial application of these trade continuity agreements in respect to the UK, and we welcome engagement with the Committee and officials on this subject. For the avoidance of doubt, the territories to which this agreement may apply can be separated into two categories based upon the application of the EU Treaties under EU law to date. These categories of territory, are:

a) The Crown Dependencies (Isle of Man, Jersey, Guernsey), to which, broadly, provisions relating to tariffs and trade in goods apply;

b) Gibraltar, to which, broadly, provisions not relating to goods or customs apply, e.g. procurement.

We work closely with the Crown Dependencies and Gibraltar on these agreements. They have been consulted and the Government is working with these territories to ensure any legislation necessary for implementation will have taken place ahead of provisional application or entry into force of the agreements.
Consultations, including engagement with the Devolved Administrations (DAs)

As you outline in this most recent report, and following my comments in the Motions debate in the House of Lords on 13 March, we have reflected on the process undertaken with the DAs on continuity agreements. As noted in our previous letters, we now share text of agreements, once stable, with DAs. We have also offered briefings on the agreements on request and where appropriate. We share draft Parliamentary Reports and Explanatory Memorandums on individual agreements, and we welcome DAs’ views as progress is made.

I would like to reassure you that the Government values scrutiny of the trade continuity programme and welcomes your committee’s report. I look forward to your subsequent reports on our trade continuity agreements.

I am placing a copy of this letter in the library.

[Signature]

Baroness Fairhead
Minister of State for Trade and Export Promotion
Department for International Trade