



Foreign, Commonwealth
& Development Office

Continuing the United Kingdom's Trade Relationship with the Republic of Albania

Agreement establishing an association between the United Kingdom of Great Britain
and Northern Ireland and the Republic of Albania

February 2021



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Presented to Parliament

by the Secretary of State for Foreign, Commonwealth and Development Affairs

by Command of Her Majesty

February 2021



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Introduction

1. This report explains the Government's approach to delivering continuity in the trade relationship of the United Kingdom of Great Britain and Northern Ireland (the "UK") with the Republic of Albania ("Albania") now that the UK has left the European Union ("EU").
2. With the UK's exit from 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 trade agreements the UK has with existing partners. The Partnership, Trade and Cooperation Agreement between the UK and Albania is intended to take effect as soon as possible. The Stabilisation and Association Agreement between the EU and Albania ceased to apply to the UK at the end of the transition period. The new agreement will form the starting point for the UK's future trade arrangements with its 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 differences between:
 - a. the Partnership, Trade and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Albania (the "UK-Albania Agreement" or "the Agreement"); and
 - b. the Stabilisation and Association Agreement between the European Communities and their Member States of the one part, and the Republic of Albania, of the other part (the "EU-Albania Agreement").
6. This report first sets out the general drafting changes necessary across all the UK's short form continuity trade agreements and which have no significant impact on the UK's current trade relationships. It then considers articles of the UK-Albania Agreement, in turn explaining any significant differences between the UK-Albania Agreement and the corresponding provisions of the EU-Albania Agreement. To assist the reader, we have included some discussion of the economic impacts as appropriate. This report focuses on the changes made to the trading arrangements and future political relationship between the UK and Albania with the UK ceasing to be bound by the EU-Albania Agreement and entering into the UK-Albania Agreement. Any wider economic impacts resulting from the UK's exit from the EU or the nature of the future relationship between the UK and the EU have been excluded from this report.
7. The UK has agreed with many third countries that the most appropriate and proportionate form of legal instrument to ensure continuity in the current circumstances is a short form agreement which incorporates by reference the relevant provisions of the underlying EU-third country agreement with relatively few but necessary modifications. Other Agreements have been drafted in long form to reflect the wishes of partner countries.

Legal approach

8. The UK and Albania have agreed that using a short form approach was the most pragmatic and sensible in the circumstances. The approach is similar to that used in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (the "CPTPP"), where Article 1 of the CPTPP incorporates by reference the provisions of the Trans-Pacific Partnership Agreement,

of 4 February 2016, into and makes them part of, *mutatis mutandis*, the CPTPP. The advantages of this approach include:

- a. The short form agreement can be drafted in such a manner as to accommodate different scenarios (which included before the end of the transition period);
 - b. The format itself will send a clear message to businesses, consumers and investors in both the UK and Albania that the aim is simply to secure continuity of existing trading arrangements, with the only changes being the ones clearly specified on the face of the Agreement; and
 - c. The approach provides a clear legal text, making rights and obligations unambiguous where they have, by necessity, changed.
9. The UK-Albania Agreement reproduces the effects of the EU-Albania Agreement as closely as possible, including the establishment of institutional arrangements between the UK and Albania based on existing structures (such as the “Partnership, Trade and Cooperation Council”, which is called the “Stabilisation and Association Council” in the EU-Albania Agreement) that allow for the ongoing management and updating of the Agreement.
10. Many of the general changes to the EU-Albania Agreement (such as replacing “EU” with “UK”) are applied by reading the incorporated text of the EU-Albania Agreement *mutatis mutandis*, that is, with the technical changes necessary to apply the EU-Albania Agreement as if it had been concluded between the UK and Albania in the first instance. This has avoided the need to reproduce every page of the EU-Albania Agreement and has significantly reduced the volume of text required.
11. Where more substantive amendments were required to ensure operability, in a bilateral context, or where the UK and Albania jointly agreed that *mutatis mutandis* would not deliver adequate certainty over rights and obligations, detailed amendments have been included in the Annexes to the UK-Albania Agreement.

Resources

12. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant differences made to the UK’s trade relationship, or political, economic or social cooperation with Albania by the UK-Albania Agreement, the reasons for any changes, and their impact.
13. Should you wish to view the EU-Albania Agreement as originally published, it can be found online on the [European Commission’s website](#).
14. More detail, including decisions of the Stabilisation and Association Council and Stabilisation and Association Committee established under the EU-Albania Agreement for the purpose of administering the UK-Albania Agreement, can be found on the [EUR-Lex website](#).
15. Should you wish to view the full text of the UK-Albania 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

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

Trade between the UK and Albania

17. Albania is the UK's 168th largest trading partner¹, accounting for less than 0.1% of total trade. Total trade in goods and services between the UK and Albania was £44 million in 2019.²

18. In 2019, UK exports to Albania were £37 million, making it the UK's joint 156th largest export market (accounting for less than 0.1% of all UK exports). UK imports from Albania were £7 million, making it the UK's joint 165th largest import source (accounting for less than 0.1% of all UK imports).

Table 1: Trade between the UK and Albania, 2019 (£ million)

	Trade in goods	Trade in services	Total trade
UK exports to Albania	19	18	37
UK imports from Albania	6	1	7
Total trade	25	19	44

Source: [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#) (accessed 13th November 2020)

19. Using data from HMRC for trade in goods only, Table 2 shows in 2019 the top goods exported to Albania were in machinery and mechanical appliances (HS84, £3.0 million), printed books, papers, printing industry products (HS49, £1.9 million) and electrical machinery and equipment (HS85, £1.6 million), together representing over a third of the total value of goods exported to Albania. The UK's top goods imported from Albania were aluminium and articles thereof (HS76, £1.7 million), iron and steel (HS72, £1.1 million), and beverages, spirits and vinegar (HS22, £0.9 million) together representing over half of the total value of goods imported from Albania.

Table 2: Top 5 UK goods exports and imports from Albania 2019 (HS³, £ million)

Top 5 UK goods exports to Albania	Value	Top 5 UK goods imports from Albania	Value
Machinery and mechanical appliances	3.0	Aluminium and articles thereof	1.7

¹ EU member states are treated as individual trading partners with the UK.

² [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#) (accessed 13th November 2020)

³ 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.

Printed books, papers, printing industry products	1.9	Iron and steel	1.1
Electrical machinery and equipment	1.6	Beverages, spirits and vinegar	0.9
Vehicles other than railway or tramway stock	1.5	Preparations of cereals etc.	0.4
Optical, photographic, cinematographic and medical equipment	1.2	Footwear, gaiters and the like or parts	0.4

Source: [HMRC trade statistics by commodity code](#) (accessed 18th November 2020). 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.

20. In 2019, transportation services were the largest UK service by value exported to Albania, valued at £13 million⁴. A detailed breakdown of the types of services imported from Albania is not available due to the low level of service imports.
21. Services data is always reported on a 'change of ownership' (Balance of Payments) basis. 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 the 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.

UK businesses exporting to and importing from Albania

22. The number of businesses registered as trading with Albania is not available. 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 2018 with another country.⁵ This was just under 15% of all VAT/PAYE registered businesses. There were around 211,100 (non-financial) registered businesses in the UK engaged in goods trade with another country and 188,400 (non-financial) registered businesses trading in services in 2018. 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-Albania Agreement

23. The EU-Albania Agreement was signed in 2006. It fully entered into force in 2009, but the trade-related part of the EU-Albania Agreement entered into force in 2006 through an Interim Agreement.
24. A 2018 European Commission report looking at implementation of EU free trade agreements included information on the EU-Albania Agreement.⁶ It highlighted that total trade in goods between the EU and Albania increased by 118% between 2006 and 2017. This rise was driven

⁴ [ONS, \(2019\). UK trade in services: service type by partner country, non-seasonally adjusted](#) (accessed 16th November 2020)

⁵ ONS, (2019). [Annual Business Survey: Non-financial business economy, exporters and importers](#) (accessed 18th November 2020)

⁶ European Commission. (2018). ['Individual reports and info sheets on Implementation of EU Free Trade Agreements'](#).

by an expansion in Albania's exports to the EU, which was greater than that in the EU's exports to Albania (200% and 90% respectively). It is not possible, however, to indicate whether this increase was as a result of the Agreement.

Potential loss to UK if the UK-Albania Agreement continues not to be entered into effect

25. A continued inability to bring the UK-Albania Agreement into effect would result in UK businesses continuing to lose the preferences negotiated in the EU-Albania Agreement. This includes the re-imposition of many tariffs, returning to World Trade Organization ("WTO") Most-Favoured-Nation (MFN) treatment with Albania. The benefits derived from trading under the preferences provided by the EU-Albania Agreement, such as increases in trade flows, may then be reversed.
26. It is unlikely that the entire effect of the EU-Albania Agreement would disappear. Tariffs have reverted 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-term. For example, the UK might still benefit from any regulatory arrangements agreed between Albania and the EU, under the EU-Albania Agreement. Business connections formed because of the EU-Albania Agreement might also endure.
27. The size of the impact of continuing not to bring into force or apply the UK-Albania Agreement would depend on the responsiveness of trade flows to increased costs brought about by the loss of provisions within the agreement.⁷

Immediate impact if the UK-Albania Agreement continues not to be entered into effect

Impact of tariffs under current MFN rates⁸

28. Much international goods trade takes place in products for which MFN rates are already zero. However, trade and association agreements provide additional opportunities by reducing tariffs in products where this is not the case. As the UK-Albania Agreement has not yet entered into effect, tariffs between the two countries have reverted to MFN rates for all trade. This has led to an increase in duties on some UK exports to and imports from Albania.
29. To estimate the impact of losing tariff preferences, assumptions have to be made as data which could provide a definitive answer is not yet available. It is assumed that while in force, all trade between the UK and Albania occurred at the negotiated preferential tariff rate and that patterns of trade prevailing while the agreement was in effect remained unchanged following reversion to MFN terms. Under these assumptions, reverting to the UK and Albania's current MFN tariff rates could result in an annual increase in total duties of around £0.8 million. This would predominantly be duties on UK exports to Albania at just under £0.8 million, with duties

⁷ 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.

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

on UK imports increasing by less than £0.1 million.⁹ The total additional duties will be positively correlated with the amount of time that passes until entry into force or application.

30. However, these estimates assume that all tariff preferences offered under the EU-Albania Agreement were fully utilised by importers and exporters while the agreement was in force. This is unlikely to be true. Estimates from the European Commission¹⁰ suggest that 78% of the UK's eligible goods imports from Albania in 2019 and 67% of Albania's eligible goods imports from the United Kingdom were imported utilising the preferences under the EU-Albania Agreement. This means that the actual increase in duties could be lower than the estimates above.
31. The total duty which could 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.
32. The indicative estimates show that the largest implied increases in UK import duties could be in footwear, gaiters, and the like (HS64) of £24,000, articles of apparel and clothing accessories, knitted (HS61) of £17,000, and articles of apparel and clothing accessories, not knitted (HS62) of £10,000. On the exports side, the largest implied increases in duties applied would be on articles of stone, plaster, cement, asbestos (HS68) of £140,000, essential oils and resinoids, perfumery, cosmetic or toilet preparations (HS33) of £100,000 and beverages, spirits and vinegar (HS22) of £100,000.
33. Indicative estimates of implied additional tariff duties are provided above to give a sense of 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 the Government of Albania. 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 Albanian 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 Albanian inputs to export goods to the rest of the world. In 2016 (latest data), around 15.4% of the value added in UK's gross exports reflected

⁹ DIT calculations using tariff data from ITC Market Access Map ([MacMaps](#)) and trade data from WTO TAO (accessed September 2020) for exports calculations. DIT calculations using tariff data from the European Commission and Eurostat trade data (accessed October 2020) for imports. Implied additional duties are calculated using the difference in MFN and preferential tariff rates (simple average tariffs at CN8 level) and the value of trade for each product at CN8 level (2019 for imports, 2018 for exports). For exports, the preferential tariffs that would apply as of entry into force are compared with the MFN tariffs that would apply in the absence of a deal. Different approaches and data sources for this analysis are likely to yield different results. Calculations on duties applied to UK exports also assume trade is not eligible for duty relief under inward/outward processing rules, nor under specific plurilateral agreements such as those covering civil aviation and pharmaceuticals, nor WTO or preferential quotas. Calculations on import duties take into account inward/outward processing rules and trade which is eligible for relief under specific plurilateral agreements but not WTO or preferential quotas.

¹⁰ Preferential utilisation rates calculated by European Commission DG Trade (updated 20th September 2020)

imports from abroad, though the data does not provide how much of this added value comprises imports from Albania.¹¹ Given the small share of UK trade under this 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 choice of products and services available. Given the small share of UK trade under this 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 if the UK-Albania Agreement is not entered into effect

37. In the long run, the UK would forgo the longer-term benefits that the UK-Albania Agreement would have brought to UK. This could result in the long-term UK Gross Domestic Product (“GDP”) marginally decreasing if the Agreement is not brought into effect. Given the small share of UK trade under this Agreement, it is expected that the impact on UK GDP would be relatively small.

¹¹ 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-Albania Agreement and the EU-Albania Agreement

38. The UK-Albania Agreement follows the short form approach explained above in paragraphs 8 to 11. Beyond the general *mutatis mutandis* changes, this section describes global changes made to continuity free trade agreements following the short form approach and goes on to provide a detailed overview of the UK-Albania Agreement.

Nature of the EU-Albania Agreement and the UK-Albania Agreement

39. The technical transition of the EU-Albania Agreement with few changes means that the substance of the UK-Albania Agreement is broadly the same. This includes on those issues of particular importance such as human rights, democratic principles, international law principles and the rule of law.

General Provisions

Removal and replacement of references to the EU

40. Where necessary, references to the “European Union”, “the European Community”, the “EU”, and “Member States” are expressly 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 Community”, the “EU”, and “Member States” and similar are to be read, *mutatis mutandis*, as references to the UK even where they have been not been expressly changed.

Territorial Application

41. Territorial application provisions set out the territories to which the agreement in question applies, and how it applies to them. Article 132 defines the territorial application of the EU-Albania Agreement to the EU by reference to the territorial application of the Treaties establishing the European Community and the European Atomic Energy Community. Except as set out in paragraph 44 below, the UK-Albania Agreement retains this provision and includes an additional article, Article 6, which clarifies that the Agreement applies to the UK and the territories listed in Article 6 to the extent that and under the conditions which the EU-Albania Agreement applied immediately before it ceased to apply to the UK. Therefore, the Agreement will apply to Gibraltar and the Crown Dependencies (the Isle of Man, the Bailiwick of Jersey, the Bailiwick of Guernsey) from the date of written notification by the UK to Albania of the application of the Agreement to those territories. The territories, other than the UK itself, to which the UK-Albania Agreement applies are separated into the following categories based upon the application of EU law at the end of the transition period:

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

42. The European Atomic Energy Community (“EURATOM”) is a party to the EU-Albania Agreement and Article 132 of the Agreement provides that it applies to the territories in 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 UK’s Sovereign Base Areas of Akrotiri and Dhekelia in the Republic of Cyprus.

43. The Government understands that EURATOM is specified in the EU-Albania Agreement 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-Albania Agreement to territories to which the Agreement would not otherwise apply.

44. The UK and Albania have therefore agreed to amend Article 132 of the EU-Albania Agreement to remove the reference to the EURATOM Treaty, thereby amending the territorial scope of the UK-Albania Agreement. We do not expect this change to have an impact. The UK and Albania (“Parties”) have also updated the remaining EU treaty references in the EU-Albania Agreement, as incorporated into the UK-Albania Agreement.

Continuation of Time Periods

45. Provisions of the EU-Albania Agreement that require an action within a certain time period which has not yet ended under the EU-Albania Agreement become part of the UK-Albania Agreement reflecting only the remaining time in which the action must occur. Where time periods in such provisions of the EU-Albania Agreement have ended, any ongoing right or obligation continues to apply between the UK and Albania and the time period is not incorporated into the UK-Albania Agreement.
46. These outcomes are provided for by Article 7 of the UK-Albania Agreement which also provides an exception for time periods which relate to a procedure or other administrative matter, such as a review, committee procedure or notification. These periods are not affected and therefore 'start again' when the UK-Albania Agreement enters into force.
47. Article 6 of the EU-Albania Agreement provides for the EU-Albania Agreement to be progressively implemented over a period of ten years. This provision is incorporated into the UK-Albania Agreement. By virtue of the provisions described above, the Agreement will be progressively implemented, starting at the same point as was reached under the EU-Albania Agreement, for the time remaining under the EU-Albania Agreement. This will be subject to review by the Partnership, Trade and Cooperation Council.

Institutions and Committees

48. Most of the institutional provisions and bodies provided for in the EU-Albania Agreement have been incorporated, *mutatis mutandis*, into the UK-Albania Agreement with some modifications to ensure the Agreement is operable in a bilateral context.
49. The primary bodies responsible for overseeing the operation and implementation of the UK-Albania Agreement are the Partnership, Trade and Cooperation Council (the "Council"), which may delegate any of its powers to the Partnership, Trade and Cooperation Committee (the "Committee"). The Council and Committee will be comprised of representatives of the UK and Albania.
50. Article 9 of the UK-Albania Agreement confirms that the Council, established under Article 116, is responsible for ensuring that the Agreement operates properly. It further provides that, unless the Parties otherwise agree, the Council and the Committee established under the UK-Albania Agreement are deemed to have adopted the decisions of the Stabilisation and Association Council or Stabilisation and Association Committee established under the EU-Albania Agreement before the EU-Albania Agreement ceases to apply to the UK, to the extent those decisions relate to the UK and Albania, *mutatis mutandis*. This approach provides for continuity of effect as it ensures that the decisions in force when the EU-Albania Agreement ceased to apply to the UK will continue to apply under the UK-Albania Agreement.

Amendment Provisions

51. Amendment provisions set out the process that must be followed if the parties agree to amend the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment provisions serve to make the process clearer and more transparent.
52. Article 11 of the UK-Albania Agreement is an amendment provision, which outlines the process to be followed if the Parties agree to amend the provisions of the Agreement after it enters into effect. Article 11 provides that the Parties may agree, in writing, to amend the text of the Agreement. Such amendments will enter into force on the first day of the first month following the date of the later of the Parties' notifications confirming that they have completed their

internal procedures, or on such other date as the Parties agree. In the UK, amendments made to the UK-Albania Agreement that are, pursuant to Article 11(1), expressly subject to a formal deposit or delivery of notifications to confirm completion of internal procedures would engage the process of parliamentary scrutiny set out in the CRaG Act.

53. The Council (see paragraphs 49 and 50) may also decide that the Annexes and Protocols to the Agreement should be amended. The Parties may adopt the Council's decision subject to their applicable legal requirements and procedures. It is in the UK's interests for the Council to have this function, both to ensure continuity of effect of the EU-Albania Agreement as far as possible and to streamline the process of making changes to the UK-Albania Agreement if required. In the UK context, amendments made by the Council which are not subject to delivery or deposit of notification of completion of internal procedures, or a similar ratification procedure, would not engage the process of parliamentary scrutiny set out in the CRaG Act.
54. The inclusion of an amendment provision in the UK-Albania Agreement does not commit the UK to making any changes to the Agreement once it enters into effect. It simply sets out a process which may be used if needed. Therefore, the inclusion of an amendment provision is not expected to have an impact on the operability of the Agreement in a bilateral context.

Entry into Force

55. Entry into force provisions specify the date from which the provisions 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-Albania Agreement ceased to apply to the UK, the UK-Albania Agreement would be able to enter into force as swiftly as possible thereafter.
56. For the UK-Albania Agreement to enter into force, both Parties must notify the other in writing of the completion of their domestic legal procedures required by its law for entry into force. In UK domestic law, before an agreement subject to ratification (as that term is defined in UK domestic law) may be brought into force, it must be laid before Parliament for scrutiny under the CRaG Act. Article 12 of the UK-Albania Agreement provides that the Agreement shall enter into force on the later of:
 - a. the date on which the EU-Albania Agreement ceases to apply to the UK; and
 - b. the date of the later of the Parties' notification that they have completed their internal procedures.
57. Notwithstanding, the UK-Albania Agreement will enter into force with respect to Gibraltar, and the Crown Dependencies (the Isle of Man, the Bailiwick of Jersey, the Bailiwick of Guernsey) from the date of written notification by the UK to Albania of the application of the Agreement to those territories.
58. Provisional application is a mechanism which allows an agreement to be applied prior to its entry into force. This means that the agreement 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 agreed that a continuity trade agreement may be provisionally applied from (at the earliest) the date the underlying EU agreement ceased to apply to the UK, the agreement would be operated provisionally from that date if this became necessary while, in the case of the UK, the procedures set out in the CRaG Act were being completed. A number of the existing EU agreements provide for provisional application and were provisionally applied by the UK as an EU Member State.

59. Pending completion of domestic scrutiny processes, provisional application may be necessary to ensure continuity of the UK-Albania trade, political, economic and social cooperation relationship. Article 12(4) of the UK-Albania Agreement provides that the UK and Albania may agree to provisionally apply the Agreement, or specific provisions of it, by an exchange of notifications signifying the completion of ratification or such other domestic procedures as are required for provisional application. Such provisional application shall take effect on the later of:
- a. the date on which the EU-Albania Agreement ceases to apply to the UK; and
 - b. the date of the later of the negotiating States' notifications.
60. Article 12 further provides that either negotiating State may terminate the provisional application of the UK-Albania Agreement by giving written notification to the other negotiating State. Such termination shall take effect one month following the date of notification. Provisional application will, by operation of law, automatically terminate once the UK-Albania Agreement enters into force.
61. Where the UK-Albania Agreement is, or certain provisions of it are, provisionally applied, the term "entry into force" in the UK-Albania Agreement is deemed to refer to the date that such provisional application takes effect. Notifications of the UK pursuant to Article 12 are to be submitted to Albania's Ministry of Foreign Affairs (or its successor). Notifications of Albania pursuant to Article 12 are to be submitted to the UK's Foreign, and Commonwealth and Development Office (or its successor).
62. Given that the Government is seeking to maintain the effects of the existing EU agreements after the transition period, providing for the possibility of provisional application is a proportionate approach to manage the timing constraints during this period and to reduce the risk of businesses and consumers experiencing disruption after the transition period.

Trade Remedies

63. Trade remedies provide a safety net for domestic industry against injury caused by unfair trading practices, such as dumped and subsidised imports, or against injury caused by unexpected surges of imports. Most WTO members have a trade remedies system. Following the end of the Transition Period, the UK operates its own system.
64. The UK-Albania Agreement replicates the effects of the trade remedies provisions in the EU-Albania Agreement *mutatis mutandis*.

Dispute Settlement

65. The economic benefits of trade and association agreements can only be realised if they are 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 therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising under the agreement in question.
66. The UK-Albania Agreement replicates the effects of the dispute settlement provisions in the EU-Albania Agreement *mutatis mutandis*. One of the impacts of transitioning the dispute settlement provisions in the EU-Albania Agreement 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.

Approximation

67. Provisions regarding legal approximation are used by the EU in trade and association agreements to bring, or to aim to bring, third country legislation closer to that of the EU in areas covered by the agreement in question.
68. Unless their removal affects market access, articles mandating or promoting the gradual approximation of legislation between the EU and Albania 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. This change is not expected to have an impact on the operation of the agreement.

Annexes and Protocols

Goods

69. 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 Albania have, other than in those cases detailed below, been transitioned without changes. This means that, under the UK-Albania Agreement, tariff preferences applied by the UK for products from Albania will remain the same as those applied by the EU on the date the UK ceased to be bound by the EU-Albania Agreement, and, likewise, Albania will continue to apply the same tariff preferences to products from the UK that it is currently applying to products from the EU.
70. The only exceptions to tariff commitments being transitioned without modifications relate to the resizing of tariff-rate quotas, and the incorporation of preferences that are granted under a temporary WTO waiver, to take account of the fact that the UK is no longer a member of the EU (see below).
71. Tariff-rate quota modifications can be found in Article 8 of the UK-Albania Agreement (applying to Article 27(2), Annex II(c), Annex III, Annex II (d) to Protocol 2 and Annex 1 to Protocol 3 of the EU-Albania Agreement) and are detailed further below.
72. Unilateral preferences, additional to or more favourable than those available under the EU-Albania Agreement were provided to Albania under a WTO waiver granted to the EU. These preferences have been incorporated into the UK-Albania Agreement as annexes to the agreement to ensure continuity of effect of current preferences. These preferences, consisting of a single wine TRQ and the suspension of specific duties on products falling under chapters 7 and 8 of the Harmonised System, have been replicated in Annex II of the UK-Albania Agreement (which will become Annex IIA of the Incorporated Agreement) with changes to adapt it to the UK-Albania relationship. As with all other imports under the UK-Albania Agreement, imports covered under these preferences shall have to comply with the Rules of Origin provisions laid out in Annex III of the UK-Albania Agreement. Some adjustments have been necessary to maintain continuity, such as creating and limiting the period during which the additional preferences apply to five years from entry into force of the UK-Albania Agreement, with the option for the preferences to be extended at the discretion of the UK. Further detail on the incorporation of these unilateral preferences into the UK-Albania Agreement is set out below. Given this maintains existing market access arrangements, it is not expected to have a significant impact on trade flows.

Tariff Rate Quotas

Justification for policy change

73. Tariff-rate quotas ("TRQs") allow a certain quantity of a product to enter the market at a zero or reduced tariff rate. Imports above the quota 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 order for products to be able to continue to benefit from the use of TRQs bilaterally in trade between the UK and Albania, these quotas need to be present in the new UK-Albania Agreement.

74. TRQs administered by the UK and by Albania have been re-sized to reflect the fact that the UK is a smaller import and export market than the EU28. Solutions were agreed with Albania to set tariff quotas at a sufficient level to allow for continuity of historical trade flows, in most circumstances, for importers and exporters from both countries.
75. Where possible, TRQs have been re-sized based on three years' worth of customs usage data, which detail actual usage of the TRQs by importers. The data includes information on the quantity and date of individual shipments of goods. This customs data is held by HMRC which records the volume and date of entry of shipments of goods that come into the UK claiming TRQ preferences. Where three years' worth of customs data is not available, historical trade flow data has been used as a proxy.
76. The TRQs provided in the UK-Albania Agreement were calculated based on a mixture of customs and trade flow data.
77. In order to address future market access opportunities for the UK and Albania businesses, it was also agreed that a minimum level of access should be provided for all quotas, based on a proxy measure relevant to UK trade. Doing so allows future market access opportunities for the UK and Albanian businesses using a fair and evidence-based methodology. Where TRQ volumes in the EU-Albania Agreement have increased since the historical reference period, a proportional uplift has been applied to historic data to account for this.
78. The WTO waiver (incorporated in the UK-Albania Agreement, as mentioned above) contains a single TRQ for wine. This single quota is shared amongst all Western Balkan countries, allowing them to access the quota on a first-come first-served basis. To maintain continuity, the UK has incorporated this quota into the UK-Albania agreement by resizing it on the same basis as explained above, and then dividing the resized quota equally between the Western Balkan countries.

Impacts

79. Without transitioning the TRQs from the EU-Albania Agreement into the UK-Albania Agreement, and without any other mitigating actions, goods imported from Albania that are currently covered by TRQs in the EU-Albania 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, Albania'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

Table 4: List of Tariff Rate Quotas administered by the United Kingdom for products originating in Albania¹²

Order Number	Product description	New UK quota volume (tonnes unless otherwise specified)
091500	Trout	7
091501	Carp	3
091502	Sea Bream	3
091503	Sea Bass	3
091504	Prepared or preserved sardines	14
091505	Prepared or preserved anchovies	218
091512	Quality sparkling wine, other than champagne or Asti spumante; other wine of fresh grapes in containers holding 2 litres or less	681 (hl ¹³)
091513	Other wine of fresh grapes, in containers holding more than 2 litres	272 (hl)
091532	Wine of fresh grapes, of an actual alcoholic strength by volume not exceeding 15 % vol., other than sparkling wine ¹⁴	681 (hl)
094324	Sugar products	136

¹² As provided for in the EU-Albania Stabilisation and Association Agreement (SAA) of 01 April 2009, and set out in Commission Regulation (EC) No 1926/2006, Commission Regulation (EC) No 1742/2006, Commission Regulation (EC) No 891/2009, and Commission Delegated Reg (EU) 1464/2017

¹³ Hectolitres

¹⁴ This quota can only be accessed once the other Wine quotas set out in this table have been exhausted

Outward TRQs

Table 5: List of Tariff Rate Quotas administered by Albania for products originating in the United Kingdom, as per the UK-Albania agreement text.

Product description	CN codes	New UK quota volume (tonnes unless otherwise specified)
Milk and cream	0401 10 10 0401 20 11 0401 20 91	108
Wheat & Meslin	1001 91 20 1001 99 00	5,720
Maize	1005 90 00	1,362
Chocolate and other food preparations containing cocoa	1806	20
Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals (other than maize(corn)) in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre-cooked, or otherwise prepared, not elsewhere specified or included.	1904	14
Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.	2103	8
Ice cream and other edible ice, whether or not containing cocoa.	2105 00	14
Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	2201	504 (hl)

Product description	CN codes	New UK quota volume (tonnes unless otherwise specified)
Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 2009.	2202	
Wine	Ex 2204 10 Ex 2204 21	1,362 (hl)

Where ex CN codes are indicated, the preferential scheme is to be determined by application of the CN code and corresponding description taken together.

Rules of origin

80. In trade and association agreements, rules of origin (“RoOs”) are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good must “originate” in one of the parties to the agreement. Trade and association agreements 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”.
81. There are two main categories relevant to determining whether goods “originate” in the exporting country for the purposes of a trade or association agreement:
- a. **Wholly obtained** – These goods are wholly obtained or produced entirely in a single country. Examples include: (i) mineral products extracted from the soil; and (ii) live animals born and raised there.
 - b. **Substantial transformation** – These goods 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.

82. During the transition period, all UK content was 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 could be used interchangeably in bilateral trade with EU free trade agreement partners. This is no longer the case since EU free trade agreements have stopped applying to the UK at the end of the transition period.
83. The designation of UK exports has shifted from “EU” originating to “UK” originating, and EU content is (unless specific provision is made in the new UK continuity trade agreements) no longer counted towards meeting the origin requirements for preferential treatment for either party. This change may have implications for goods traded between the UK, EU and Albania.
84. To address these implications and to provide maximum continuity for business, the UK-Albania Agreement provides that EU materials can be recognised (i.e. cumulated) in UK and Albanian exports to one another. Furthermore, EU processing can be recognised (i.e. cumulated) in UK exports to Albania. The possibilities to cumulate with other countries, as per the EU-Albania Agreement, are replicated in the UK-Albania Agreement on the same terms. The cumulation arrangements are set out in detail in Articles 3 and 4 of Title II (Definition of the Concept of 'Originating Products) of the RoOs Protocol and are subject to satisfying certain conditions specified in the agreement.
85. Albania and the UK were both contracting parties to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (the “PEM Convention”) until the end of the transition period. The PEM Convention is a multilateral agreement that harmonises preferential RoOs across the Euro-Mediterranean Free Trade Area and provides for cumulation between contracting parties to the PEM Convention. The UK undertook a wide range of stakeholder engagement and analysis in support of negotiations with the EU, including on the merits of existing trade structures. However, the UK concluded that it was not in our interest to seek accession to the PEM convention as part of the UK-EU negotiations. While the UK is not a PEM signatory, the UK-Albania Agreement reflects the provisions of the PEM Convention in a bilateral context with modifications.
86. The text of the RoOs Protocol can be found in Annex III of the UK-Albania Agreement.

Impact

87. If cumulation of EU content for the UK and Albania were not permitted under the UK-Albania Agreement, some UK and Albanian based exporters could find themselves unable to qualify for the preferential treatment provided by the EU-Albania Agreement.
88. UK exporters to Albania who rely on EU inputs might have to revert to paying MFN tariffs if they continued using EU content, or they might have to review and reassess their supply and value chains as a result of this change. The impact would, of course, vary across sectors.
89. The UK-Albania Agreement provides only for trade between the UK and Albania and does not provide for either the UK or Albania’s direct trade with the EU, including, for example, where UK and Albania based exporters use content from each other in exports to the EU. The imposition of higher MFN tariffs on such exports may have a minor negative impact on trade flows.

Customs

90. The UK-Albania Agreement incorporates the customs provisions of the EU-Albania Agreement, *mutatis mutandis*. However, minor changes were made to Protocol 6:
- a. Article 10 (2), by removing the reference to legal provisions applying to the EU institutions; and

- b. Article 13 (1), by removing reference to the competent services of the Commission of the European Communities.
- c. Article 14(1), which relates to the respective competencies of the European Community and the Member States, was not incorporated into the Agreement as this provision is no longer relevant in the bilateral context. We do not expect these changes to have an impact on trade flows.
- d. Article 14 (2) by substituting text to note the precedence of the incorporated Protocol 5 over any incompatible provisions of any bilateral agreement on mutual assistance concluded between the UK and Albania.

Intellectual Property, including Geographical Indications

- 91. The UK's existing Intellectual Property ("IP") obligations 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 the UK is 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). Paragraphs 1 and 2 of Annex V of the EU-Albania agreement lists several international IP treaties to which the Parties confirm their importance, and which are incorporated into the UK-Albania agreement.
- 92. Article 73(2) of the EU-Albania agreement has not been incorporated into the UK-Albania agreement. This is because it requires Albania to align their rules to EU IP regulation, which is not appropriate in a UK-Albania context.
- 93. Paragraph 3 of Annex V of the EU-Albania agreement has not been incorporated into the UK-Albania agreement. This requires Albania to grant to EU companies and nationals, in respect to the recognition and protection of IP, treatment no less favourable than granted by Albania to any third country under a bilateral agreement. This is an unusual most favoured nation provision that is not normally found in bilateral agreements. It was included in the EU-Albania agreement due to its nature as an Association Agreement and is not appropriate in a UK-Albania context.
- 94. The UK-Albania Agreement retains the protections provided in Protocol 3, Annex II of the EU-Albania Agreement relating to wine and spirits geographical indications (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 Whisky/Irish Whiskey/Uisce Beath Eireannach and Irish Cream. References included in the Albania Agreement to geographical indications identifying a product originating in the European Union have been deleted in order to reflect that this agreement applies to the UK and Albania. These changes to IP provisions are not expected to have a significant impact on bilateral trade flows between the UK and Albania as they are simply technical changes designed to ensure continuity of effect.

Government Procurement

- 95. Government procurement commitments in trade and stabilisation and association 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.
- 96. The UK-Albania Agreement retains the public procurement commitments in the EU-Albania Agreement that relate to the UK and Albania. In line with the EU-Albania Agreement, the UK-Albania Agreement requires the parties to open their respective public procurement markets to

each other by incorporating the relevant government procurement provisions into the UK-Albania Agreement, *mutatis mutandis*.

97. The UK-Albania Agreement includes modifications of Article 74 of the EU-Albania Agreement to ensure its proper operation in a bilateral context. These modifications are not expected to have a significant impact on trade flows.

Technical Barriers to Trade

98. Technical Barriers to Trade ("TBT") provisions in trade and stabilisation and association agreements cover aspects relating to regulations, standards, and conformity assessment for goods. TBT provisions 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.

99. Article 75 in the EU-Albania contains provisions which require Albania to approximate their legislation to that of the EU acquis. The same general approach detailed earlier has been followed with respect to the TBT provisions. Accordingly, any TBT approximation requirements are not incorporated into the UK-Albania Agreement as it would not be appropriate to replicate such obligations in a bilateral context.

Competition, State Aid and State-Owned Enterprises

100. Chapters or provisions in free trade agreements relating to competition, state aid and state-owned enterprises help to ensure that open and fair competition exists for both parties.
101. The EU-Albania Agreement contains provisions requiring Albania to approximate its domestic legislation to that of the EU acquis. Such provisions have not been incorporated into the UK-Albania Agreement, as it would not be appropriate to replicate them in an agreement with the UK. The removal of these approximation clauses is not anticipated to have an impact on the UK as these provisions applied to Albania only.
102. Specific references in the EU-Albania Agreement to EU competition and state aid rules have also not been incorporated into the UK-Albania Agreement. In particular, Article 71(2) and the second indent of Article 71(8) of the EU-Albania Agreement have not been incorporated into the Agreement as these provisions provide that certain practices in conflict with the EU-Albania Agreement shall be assessed on the basis of criteria arising from the application of EU State aid rules. Other references to EU law have also been removed as it would not be appropriate to replicate such provisions in a bilateral context. These amendments are not anticipated to impact on British businesses as they will continue to be subject to UK domestic law which will not conflict with the provisions of the Agreement.
103. Other minor non-substantive technical changes have been made to the competition and state aid provisions to ensure that the effect of these provisions are replicated without altering their substance. These changes will not have any effect on the financial support the Government provides to our agricultural and fishing industries and are not expected to have a significant impact on trade flows.

Services

104. Services provisions in trade agreements, and EU stabilisation 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 build upon the level of access and the treatment granted to all WTO members, whilst protecting governments' right to regulate their domestic markets.

105. Amongst the existing EU 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 commitments undertaken in the EU agreement have been replicated as far as possible. For instance, where the underlying EU agreement referred to “date of entry into force of this Agreement”, the UK-Albania Agreement will refer to the date of entry into force of the EU-Albania Agreement instead (Articles 58(1) and (2)).
106. The services provisions of the EU-Albania Stabilisation and Association Agreement are set out in Title V (Movement of Workers, Establishment, Supply of Services, Capital), and in Article 74(5) of Title VI (Approximation of Laws, Law Enforcement and Competition Rules). Technical changes to these provisions are outlined below. These changes are not expected to have a significant impact on trade flows.

Movement of workers

107. Article 47(1) of the EU-Albania Agreement refers to preserving or improving upon existing bilateral agreements allowing access to employment for Albanian workers. As there are no existing bilateral arrangements between the UK and Albania which fall within the meaning of the provision, this Article has not been incorporated into the UK-Albania Agreement.
108. Article 48 of the EU-Albania Agreement contains references to rules laid down for the coordination of a social security system for workers with Albanian nationality and legally employed in the territory of a Member State.
109. In the UK-Albania Agreement, the reference to ‘Member States’ has been replaced by ‘United Kingdom and the various Member States of the European Union’, as the current policy is to allow workers to accumulate periods of employment in both the UK and different EU Member States for the purposes of social security.
110. This will require that the Parties have data sharing agreements in place with other Member States, which will provide for the protection of the data required. The Partnership, Trade and Cooperation Council established under Article 116 of the Agreement will be responsible for determining whether such agreements are appropriate and subsequently apply Article 48. These changes are not expected to have a significant impact on trade flows.

Establishment

111. Article 50 of the EU-Albania Agreement sets out Albania’s commitments to facilitate companies setting up operations in its territory. References to 5 and 7-year implementation periods in this Article (paragraphs 4 and 5(b), respectively) have been deleted, as these time periods have already passed since the entry into force of the EU-Albania Agreement in 2009.

Transport Services – Maritime

112. The reference to ‘European’ obligations in Article 59(2) has been removed in the UK-Albania Agreement. The UK is no longer subject to EU obligations relating to safety, security, and environmental standards. Therefore, this specific reference is not required. Additionally, we have opted for deleting this reference as the application of the *mutatis mutandis* principle could mislead the interpreter to think that Albania is to harmonise its laws with UK laws, which

would be inappropriate in a bilateral context. The UK-Albania Agreement maintains the commitments by both Parties to respect international obligations in the field of safety, security, and environmental standards, as set out by the International Maritime Organisation.

Transport - Air Services

113. 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. Following the end of the transition period, the UK is no longer a party to the ECAA and related agreements and has instead reverted 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.
114. In Title V (Movement of Workers, Establishment, Supply of Services, Capital), the EU-Albania Agreement contains a reference to the ECAA Agreement, which has been adapted in the bilateral UK-Albania Agreement to reference any air services or aviation agreements between the UK and Albania (sub-paragraph 6(d) of Annex I).

Transport - Road Transport

115. Protocol 5 on land transport promotes coordination and cooperation between the two parties on land transport and infrastructure. Between the EU, Albania and other Western Balkan parties, this cooperation was underpinned by a Memorandum of Understanding for developing a core transport system for south-east Europe. This Memorandum of Understanding formed the basis of the Transport Community, established by the [Treaty establishing the Transport Community](#), done on 12 July 2017, and which entered into force on 1 May 2019. The Transport Community liberalises land transport by extending EU transport market rules, principles, and policies to Western Balkan parties through a legally binding framework. Third-country parties to these agreements are required to implement the relevant EU *acquis* in the transport sector.
116. Following the end of the transition period, the UK is no longer a party to the Transport Community and related agreements and has instead reverted to traditional land transport services arrangements with partner countries. In line with the Government's wider approach to international agreements affected by the UK's departure from the EU, these new bilateral arrangements seek to replicate the effects of existing EU agreements as far as is possible on a bilateral basis. On that basis, Articles 4 to 6 and Articles 8 to 10 of Protocol 5 have not been incorporated into the UK-Albania Agreement. Similarly, references in Article 11(1) of Protocol 5, which commit Albania to adapt existing bilateral agreements with EU Member States on road transport to reflect Protocol 5 have been removed, as they would be inappropriate in a bilateral UK-Albania context. Throughout Protocol 5, references to harmonisation of Albania's legislation with the EU *acquis* have been removed or adapted, as they are not appropriate in the context of the UK's bilateral relationship with Albania. These changes are not expected to have a significant impact on trade flows.

Suspension of the Operation of certain Title V Provisions

117. Retaining references to approximation and adaptation of Albania's legislation to the EU *acquis* is inappropriate under the UK-Albania Agreement and so these have been removed. The Agreement does not commit Albania to approximate its legislation to that of the United Kingdom. Nevertheless, at entry into effect, the operation of limited aspects of the UK-Albania

Agreement, will be on the basis of existing alignment between the UK and Albania in the sectors relevant to trade in services (in respect of movement of workers, establishment, and supply of services). Included in the new article, Article 69A, are safeguards to accommodate for possible future divergences of the Parties' regulatory systems in relation to these matters covered by certain Title V provisions.

118. These safeguards provide that if a Party considers that the necessary level of alignment of their legislation is no longer reached, it may request consultations on the matter. If the matter is not resolved within 45 days of the consultation request date, a Party may suspend the operation of the provisions referred to in Article 69A(1) no sooner than 90 days after the date of delivery of notification to the other Party.
119. Article 69A(5) was drafted to mitigate the risk that the Party suspending the provisions referred to in Article 69A offers the services or service suppliers of the other Party treatment no less favourable than that accorded to like services and service suppliers of any third country. These changes are not expected to have a significant impact on trade flows.

Human Rights

120. The provisions of the EU-Albania Agreement concerning human rights are incorporated into the UK-Albania Agreement, *mutatis mutandis*. Accordingly, the UK-Albania Agreement provides that respect for democratic principles, human rights and the rule of law as well as market principles constitutes an essential element of the Agreement, as does agreeing to cooperate and to contribute to countering the proliferation of weapons of mass destruction and their means of delivery. In the event of a breach of the UK-Albania Agreement by one of the Parties, appropriate measures may be taken in accordance with international law. Incorporating these provisions is not expected to have a significant impact on trade flows.

