



Department for
Business & Trade

Pan-Euro Mediterranean Convention on Rules of Origin (PEM)

Call for Evidence Response

Contents

Executive Summary	3
Introduction	4
Key Findings	6
Next Steps	8
Summary of responses by section	9

Executive Summary

From 17 November to 22 December 2025, the government ran a call for evidence seeking views on the potential impacts of UK accession to the Regional Convention on Pan-Euro Mediterranean Preferential Rules of Origin, henceforth the PEM Convention, or PEM. This followed a commitment in the UK [Trade Strategy](#) to conduct further engagement on this issue.

The government is grateful for the 66 responses to the online survey, and the further 8 it received via correspondence. Responses were received from businesses, business associations, professional bodies and individuals across multiple sectors, and included representation from both the UK and PEM parties. Noting that this sample represents a snapshot of stakeholder views, the following findings are indicative.

Headline findings:

- A majority of respondents (52 of 66, equivalent to 79%) stated they were in favour of UK PEM accession with the same number stating accession would have an overall positive or very positive impact on them or their members.
- A large majority of respondents (61 of 66, equivalent to 92%) stated the harmonisation of rules of origin across the UK's agreements with near neighbours is somewhat or very important.
- Respondents' appetite for revised PEM rules varies across and within sectors, with 68% of respondents overall (equivalent to 45 of 66) reporting revised PEM rules would be somewhat or much easier to meet.
- Diagonal cumulation opportunities were largely seen as helpful by respondents with 85% (equivalent to 56 of 66) finding diagonal cumulation of non-EU PEM inputs moderately or very helpful in UK exports.¹
- Around half of respondents (32 of 66, equivalent to 48%) highlighted that requiring movement certificates to prove origin would increase costs and favoured minimising administrative burdens in UK-EU trade.

¹ Diagonal cumulation arrangements in the PEM zone mean materials from a PEM party can be incorporated in products manufactured in another party and used to meet the rules of origin when exporting to a final PEM party (so long as they all have FTAs with each other).

Introduction

The PEM Convention is a multilateral agreement between 25 contracting parties that establishes common rules of origin among its members to facilitate trade and support the integration of supply chains. It is not a customs union. On 26 June 2025, the UK government published its Trade Strategy which included a commitment to engage business to consider the benefits of joining PEM. This was delivered through a call for evidence run by the Department for Business and Trade (DBT) from 17 November – 22 December 2025.

Respondents were invited to answer questions on the following:

- general experience of engaging with rules of origin requirements in the context of trade in goods with PEM parties
- the merits of harmonised rules across UK FTAs with PEM parties
- the impact, if any, of different rulesets (TCA vs PEM) on their ability to access preferential tariffs
- the impact and effectiveness of diagonal cumulation opportunities
- the importance and impact of other relevant facilitations, such as those related to origin procedures (such as proof of origin) and transshipment
- the comparative importance of the above factors

Most questions were closed, though at the end of each section respondents were invited to provide an additional free text response.

Scale of Responses

The government received 66 responses to the call for evidence survey, and 8 submissions over email.

Submissions came from 32 businesses (9 of which were SMEs) and 27 business associations (15 of which had a membership of 250 or more). The majority of respondents were headquartered in the UK, though 8 respondents were headquartered in the EU, and 12 were headquartered in the non-EU PEM region.

This sample size means that the following analysis is by no means representative of all businesses who trade in goods within the PEM region, and there are other factors which limit the reliability of the data. For example, there were varied levels of knowledge of rules of origin and PEM, which may have affected how detailed certain respondents could be. Some respondents will have made assumptions about what a negotiated settlement as part of UK PEM accession might look like. Finally, some respondents, such as those from larger associations, may better reflect a broader range of experiences than others.

The analysis below will be considered as one part of the government's ongoing policy development and combined with other information, for example insights gained through routine engagement with businesses across the UK, EU and other PEM countries.

Key Findings

A majority of respondents stated they were in favour of UK PEM Accession

52 of 66 survey respondents (equivalent to 79%) stated that overall, they were “supportive” or “very supportive” of UK accession to PEM. This included the majority of businesses and business associations, respondents registered in the UK and PEM parties, and respondents in or representing the agricultural and manufacturing sectors. The same number of respondents also thought accession would have an overall positive or very positive impact on them or their members.

Specific reasons for support varied, though included cumulation opportunities and supply chain benefits, as well as harmonised rulesets in trade across the EU and other PEM parties. Responses from UK automotive, textile and pharmaceutical respondents were particularly supportive.

A large majority of respondents think the harmonisation of rules of origin in UK agreements across near neighbours is important

When asked about the harmonisation of rulesets across the PEM zone, respondents predominantly viewed this as important and a way of rationalising requirements and simplifying internal processes.

Respondents’ appetite for revised PEM rules varies across and within sectors

Opinions varied within and across sectors on the impact of switching to the revised PEM ruleset across all UK FTAs with PEM parties, though 68% of respondents (equivalent to 45 of 66) overall thought that revised PEM rules would be at least somewhat easier to meet than current rules. Respondents affirmed a preference for a transitional period to allow adaptation to the revised PEM ruleset in the event of UK accession. Some respondents also made assumptions about what a negotiated settlement as part of UK PEM accession might look like. For example, some stakeholders called for a dual track approach with the EU TCA and revised PEM rules operating in parallel.

Diagonal cumulation opportunities were seen as helpful by most respondents

A large majority of respondents viewed diagonal cumulation as helpful, with it being perceived to offer greater supply chain flexibility and in some cases increased ability to access preferential tariffs. However, a minority of respondents, especially in the agriculture sector, responded that cumulation could undermine the competitiveness of domestic goods.

Respondents highlighted that requiring movement certificates would increase costs and favoured minimising administrative burdens in UK-EU Trade.

Just under half of respondents said that the introduction of movement certificates (e.g. EUR.1) for trade under the UK-EU TCA would increase administrative costs regardless of the harmonisation of origin documents. Some respondents highlighted that the harmonisation of documents would still be helpful overall despite any increase in admin costs.

Next Steps

The government thanks all respondents for their submissions. The findings from the analysis will be used in any future policy decisions related to UK accession to the PEM Convention.

We invite stakeholders to contact PEMCallforEvidence@businessandtrade.gov.uk to submit any further insights, or to discuss their experiences using different rules of origin with officials.

Summary of responses by section

The call for evidence asked 23 questions, grouped into six sections. Additional questions related to the privacy and confidentiality notice and respondent information have been removed in this document. The following summarises responses at a section level.

Harmonisation of Rules of Origin

The first section sought to understand survey respondent views on the importance of using one set of rules of origin applied in the UK's trade agreements across the PEM zone.

8. To what extent would the harmonisation of rules of origin in UK agreements with near neighbours be important to you, your members, or those you advise in practice?
9. Please expand on your response to Q8 if you would like.

61 respondents said harmonising rules of origin was “somewhat” or “very” important. 3 said it was not important, and 2 were unsure or gave no answer.

In response to Q9, most respondents highlighted harmonisation's potential to simplify trade, with some noting it could reduce administrative burdens.

Those who viewed harmonisation as unimportant highlighted that changes to rules and origin procedures could outweigh any theoretical benefits. One business added that adopting harmonised rulesets would itself be complex and demanding.

Some respondents also advocated applying both TCA and revised PEM rulesets in parallel to ease transitional pressures before full harmonisation delivers simplification.

All respondents headquartered in PEM parties saw harmonisation as “somewhat” or “very” important.

Rules of Origin in UK Agreements

This section aimed to understand the specific impacts that moving to the revised PEM ruleset would have on respondents' abilities to trade under preference.

This is relevant not only to traders who currently trade under the UK-EU TCA but also those who trade with non-EU PEM parties with which the UK shares an FTA, as rules would update from original to revised PEM rules.

10. If the UK were to join PEM, the rules of origin in all UK agreements with PEM parties (including the EU) would be replaced with the revised PEM rules. To what extent would this change make it easier or more challenging for your good(s) to meet the rules of origin and benefit from preferential tariffs, compared to now?
11. Please expand on your response to Q10 if you would like.

40 responses said revised PEM rules would make it either “much easier” or “somewhat easier” to meet the rules of origin. Businesses who responded to the survey were more supportive than associations with 25 out of 32 businesses saying it would be “somewhat easier” or “much easier”. Across associations, 10 said revised PEM rules would be “somewhat more challenging”, “much more challenging” or that “there are differences across members”.

Responses to Q11 were varied, even at a sectoral level. One metals manufacturer said they would find it “much easier” under revised PEM to claim preference for their products, whereas another said it would be more “much more challenging”. This respondent, alongside two associations, used this section to advocate for parallel application of TCA and revised PEM rulesets.

All but one of the respondents headquartered in PEM parties thought updating the rules of origin in the UK’s trade agreements with PEM parties would make claiming preference somewhat or much easier.

Cumulation

This series of questions sought to understand the helpfulness and impact diagonal cumulation would have on supply chains. Diagonal cumulation arrangements in the PEM zone mean materials from a PEM party can be incorporated in products manufactured in another party and used to meet the rules of origin when exporting to a final PEM party. It is only possible if the PEM parties involved all have FTAs with each other.

Additionally, respondents were asked to describe impacts that the UK’s exit from the EU, and as a result exit from the PEM Convention, has had on supply chains and trading patterns.

12. Considering potential and future supply chains, how helpful or unhelpful would diagonal cumulation of inputs from non-EU PEM parties in UK exports be to you, your members or those you advise?
13. If diagonal cumulation of non-EU PEM inputs in UK exports would be helpful or unhelpful to you, your members or those you advise, what would be the impact on potential and future trade to EU and non-EU PEM parties?
14. Considering potential and future supply chains, how helpful or unhelpful would diagonal cumulation of UK inputs in exports within the PEM zone be to you, your members or those you advise?
15. If diagonal cumulation of UK inputs in exports within the PEM zone would be helpful or unhelpful to you, your members or those you advise, what would be the impact on potential and future trade?
16. Considering potential and future supply chains, how helpful or unhelpful would diagonal cumulation of non-EU PEM inputs in PEM party exports to the UK be to you, your members or those you advise?
17. If diagonal cumulation of non-EU PEM inputs in PEM party exports to the UK would be helpful or unhelpful to you, your members or those you advise, what would be the impact on potential and future trade?
18. Is there anything else you would like to tell us about the impact on supply chains if the UK joined PEM?

19. Since the UK's exit from the EU, how have your (or that of your members or those you advise) use of inputs or intermediate products changed?
20. Please expand on your response to Q19 if you would like

A majority of respondents found all three supply chain scenarios in this section (Q12, 14 and 16) "moderately helpful" or "very helpful". Increased ability to access preferential tariffs and increased supply chain flexibility were the most selected impacts on trade from diagonal cumulation although some respondents did note cumulation could increase competition for their product.

In response to Q18, respondents consistently said that diagonal cumulation would strengthen and widen regional supply chains and increase UK competitiveness.

As with harmonisation however, some saw features such as origin procedures as outweighing cumulation benefits. Some respondents, particularly those in agrifood, said that cumulation risked increasing competitive pressures for domestic producers.

Responding to Q19, the single biggest change across both business and business associations since EU exit was a decline in the use of UK inputs (9 and 7 reported this respectively), though responses varied, and there were 33 respondents who reported no change, no knowledge, or no response to the question.

In response to Q20, one respondent in luxury goods noted that their supply chains are so embedded that it is easier just to absorb costs. Others noted that changes in inputs were less to do with EU-exit, and more a result of other global trends.

All EU and non-EU PEM headquartered respondents said that the supply chain scenarios set out in Q12, 14 and 16 would be at least "moderately helpful", with a large majority (17 of 20) finding cumulation of non-EU PEM inputs in UK exports, and UK inputs in PEM exports "very helpful".

Transshipment

This section sought to understand the potential impacts of transshipment - a facilitation within PEM that would allow goods originating in one PEM country to clear customs in an intermediate PEM party before being re-exported to a final PEM party without needing further working or processing or losing originating status.

21. In your assessment, how useful would transshipment provisions be in trade between the UK and PEM parties (including the EU)?
22. Please expand on your response to Q21 if you would like.

53 respondents - the majority of businesses and associations - answered that transshipment would be at least "somewhat helpful",. 9 claimed that transshipment would not be applicable to them or their members, that they did not know the impacts, or had no response. 4 claimed provisions would not be helpful, with reasons including that their supply chains made it irrelevant.

In response to Q22, responses reiterated themes raised in previous questions, notably that transshipment provisions could increase UK competitiveness and strengthen regional supply chains. As with harmonisation, some respondents specified that transshipment could reduce administrative burdens. Individual responses also raised other benefits, including that transshipment could increase flexibility in supply chain routes through the EU to the UK and then on to Ireland, or facilitate the use of the UK as a storage hub for products from PEM parties.

A majority of respondents headquartered in PEM parties (14 of 20) viewed the transshipment facilitation as “very helpful”.

Origin Procedures

This section sought to understand respondents’ views on different administrative requirements between rulesets. Under revised PEM, unless a consignment is valued below £6000 euro, or is under the responsibility of an “approved exporter”, movement certificates (typically a paid-for EUR.1) are required. Under the UK-EU TCA, traders have the option to submit a statement on origin (typically made out on an invoice) or make use of “importer’s knowledge” (whereby importers claim preference using knowledge they have at the time of import).

23. Which of these (statements on origin, importer’s knowledge) do you, your members or those you advise use if trading under preferential tariffs when using the UK-EU TCA?
24. If a movement certificate (for example an EUR.1) was required to prove origin to claim preference under the UK-EU TCA instead of a statement on origin, what would the impact be for you, your members or those you advise?
25. Please expand on your response to Q24 if you would like.

Respondents use statements on origin more than importer’s knowledge with 33 solely using statements on origin whilst a further 21 use both importers knowledge and statements of origin. Respondents varied on what the potential impacts would be of replacing statements on origin with movement certificates. 32 (around half) reported that certificate requirements would increase administrative costs, although the majority of these (24) reported they would still claim preferences. The number of respondents which reported increased admin costs was however double the 16 who claimed harmonisation of origin documents would be helpful overall, despite any increased administrative costs. Of these only 3 were business associations, with other associations displaying a more even split between those claiming members would have reduced ability to claim preference due to increased admin costs (6) and those who would remain able to do so (7). A further 7 associations were unsure what the impacts would be.

Responses to Q25 reflected varied impacts. Larger associations cautioned that impacts could be felt more by SMEs and certain agrifood respondents thought adding to the rules of origin administrative burden would run counter to the simplifying aims of the UK-EU sanitary and phytosanitary (SPS) negotiations. However, others repeated earlier

comments that features like the harmonisation of rulesets could standardise paperwork and reduce the administrative burden. Only one of the PEM headquartered respondents said that increased administrative costs would reduce the likelihood of claiming preference, compared to 6 who reported they would still claim preferences and 5 who claimed the harmonisation of origin documents would be helpful overall, despite any increased administrative costs

General Sentiments

These final questions sought to understand overall sentiment on PEM accession, asking respondents to identify the main advantages or disadvantages of UK accession, and raise anything else they had not had the opportunity to in the rest of the survey.

26. If the UK were to join PEM, what overall impact do you think this would have on you, your members or those you advise?
27. Please outline what you see as the main advantages and/or disadvantages of UK PEM membership. These can be, but are not limited to - more or less favourable product specific rules (PSRs), the introduction of diagonal cumulation, changes to administrative arrangements etc.
28. What are the most important factors for you, your members, or those you advise?
Respondents were asked to select from “Harmonised rules across FTAs with PEM parties”, “Impact of different rulesets (TCA vs ‘revised’ PEM vs original PEM) on your ability to access preferential tariffs”, “Expanded and stable cumulation opportunities” and “Value of other facilitations- such as those related to origin procedures and transshipment”.
29. How supportive would you, your members or those you advise be towards UK accession to PEM?
30. Please use this space to add anything else on the potential impacts of UK accession to PEM that you have not had the opportunity to express so far.

52 respondents thought that accession would have a “positive” or “very positive” impact on them with the same number being “supportive” or “very supportive”. Echoing earlier aspects of the survey, associations were comparatively more mixed than individual businesses.

For Q27, many reaffirmed harmonised rulesets and supply chain opportunities were particularly important, or that changes to origin procedures were a particular concern.

When asked to rank factors of PEM by importance, the most consistently high rated was “expanded and stable cumulation” opportunities, with over half of the responses ranking this as either the most or second most important factor. “Harmonised rules” followed closely behind, but with a higher proportion of respondents ranking it in second place. This was followed by “impact of rulesets”. The lowest ranked was “other facilitations – such as those related to origin procedures and transshipment”. See below for a breakdown of respondent rankings.

Factor	Ranking			
	1st	2nd	3rd	4th
Expanded and stable cumulation opportunities	23	17	8	7
Harmonised rules across FTAs with PEM parties	17	23	8	7
Impact of different rulesets (TCA vs 'revised' PEM vs original PEM) on your ability to access preferential tariffs	12	9	27	7
Value of other facilitations- such as those related to origin procedures and transshipment	3	6	12	34

Based on the 55 responses which answered Q28

In response to Q30, respondents consistently called for clarity and sufficient lead in times for any transition between rulesets, echoing earlier points and concerns about transitional difficulties.

The majority of respondents headquartered in PEM parties (14 of 20) were "very supportive" of UK accession to PEM overall.

Department for Business and Trade

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