EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION/DOCUMENTS WITHIN THE SCOPE OF THE UK/EU WITHDRAWAL AGREEMENT AND THE WINDSOR FRAMEWORK

COM(2026) 348 final 2026/0189(COD)

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on temporary trade-liberalisation measures applicable to Armenian products

Submitted by the Department for Business, Innovation, Science and Trade, 1 September 2026.

1. SUBJECT MATTER

i. This Explanatory Memorandum concerns European Commission proposal COM(2026) 348, a proposal for a Regulation of the European Parliament and of the Council on temporary trade-liberalisation measures applicable to Armenian products.

ii. The proposal has been brought forward in response to trade restrictions introduced and expanded by Russia in May and June 2026 affecting a range of Armenian exports, including brandy, wine, mineral water and agricultural products, and creating obstacles to the transit of certain Armenian goods through the territory of the Russian Federation. The European Commission states that these measures have reduced Armenia's access to traditional markets, disrupted established supply chains and created difficulties for Armenian exporters and producers, particularly small and medium-sized enterprises and agricultural producers.

iii. The proposed Regulation is intended to provide temporary support to Armenia by improving access for selected Armenian products to the European Union market. It would do this through the temporary suspension of ad valorem tariffs according to the Generalised Scheme of Preferences Plus schedule, subject to certain exclusions and adaptations, and the removal of ad valorem tariffs on eight agricultural products within the limits of specified tariff rate quotas. The measures would apply for a period of two years. The proposal is therefore primarily a short-term trade policy measure.

2. SCRUTINY HISTORY

i. This is the first Explanatory Memorandum submitted in relation to COM(2026) 348, a proposal for a Regulation of the European Parliament and of the Council on temporary trade-liberalisation measures applicable to Armenian products. The proposal has now been deposited for scrutiny as it is expected to apply in Northern Ireland under the Windsor Framework.

3. MINISTERIAL RESPONSIBILITY

i. Minister Sarwar, in his capacity as Minister for Trade, has responsibility for the Government's consideration of trade policy issues arising from the proposal and its implications for the United Kingdom, including Northern Ireland under the Windsor Framework. HM Treasury and HM Revenue & Customs also have an interest in the proposal given their respective responsibilities for both tariff policy and customs implementation.

4. INTEREST OF THE DEVOLVED GOVERNMENTS (DGs)

i. Tariff policy is a reserved matter under the UK devolution settlements. However, the proposal is of interest to the Northern Ireland Executive because the Regulation is expected to apply in Northern Ireland under the Windsor Framework, notwithstanding that its practical effect in Northern Ireland is expected to be limited. The Government has therefore deposited the proposal for scrutiny by the Northern Ireland Scrutiny Committee.

5. LEGAL AND PROCEDURAL ISSUES

i. **Application under the Windsor Framework**
The proposal is expected to apply in Northern Ireland under the Windsor Framework. The proposed EU Regulation is applied to Northern Ireland under Article 13(3) of the Windsor Framework.

The Northern Ireland Assembly conducts democratic scrutiny of relevant regulations under the terms of Schedule 6B to the Northern Ireland Act 1998.

ii. **EU legal base**
The European Commission has brought forward the proposal under Article 207(2) of the Treaty on the Functioning of the European Union. Article 207 concerns the EU's common commercial policy.

iii. **Voting procedure**
The proposed regulation must be agreed by the Council and the European Parliament under the Ordinary Legislative Procedure. The proposed regulation is expected to be agreed by Qualified Majority Voting in Council.

iv. **Timetable for adoption and implementation**
The proposal was published by the European Commission on 2 July 2026. The proposed Regulation provides that it would enter into force on the day following its publication in the Official Journal of the European Union and apply for two years from entry into force.

The Commission has indicated that the measure is urgent in light of the situation affecting Armenian exports. The timetable for adoption will depend on consideration by the Council and the European Parliament. At the time of writing, the proposal remains in the preparatory phase in the European Parliament, and a first reading is

forecast for 14 September 2026.

6. POLICY AND LEGAL IMPLICATIONS

i. The proposal is expected to apply in Northern Ireland under Article 13(3) of the Windsor Framework. Notwithstanding that its practical effect in Northern Ireland is expected to be limited, the proposal is therefore expected to fall within the scope of the Windsor Framework's governance and scrutiny arrangements.

ii. The effect is expected to be limited because the proposal would only affect imports in circumstances where the corresponding EU tariff would apply under the Windsor Framework. Goods imported directly into Northern Ireland from Armenia may be treated as “at risk” of entering the EU Single Market where the applicable UK tariff is more than three percentage points lower than the corresponding EU tariff. In such cases, the higher EU tariff may apply to those imports.

iii. This proposal would remove the relevant EU tariffs for most products within scope of the measure and establish tariff-rate quotas for a limited number of agricultural products. For products benefiting from the tariff reductions, the relevant EU tariff would be reduced to 0%. As a result, there would be no circumstances in which the EU tariff for those products exceeded the corresponding UK tariff by three percentage points or more and, therefore, no circumstances in which a higher EU tariff could apply under the relevant Windsor Framework tariff differential provisions. However, the proposal also establishes tariff-rate quotas for a limited number of agricultural products. These quotas will not be available in Northern Ireland, so the applicable EU MFN tariff may continue to be relevant for the purposes of the at-risk assessment. Consequently, imports of some products subject to tariff-rate quotas may still be capable of attracting a higher EU tariff when imported into Northern Ireland. However, the potential impact of the proposal in Northern Ireland appears to be limited given current trade flows. While it is possible that additional imports may enter Northern Ireland indirectly via an EU Member State or Great Britain, in the last full year of available trade data (2025) the only Armenian-origin goods imported directly into Northern Ireland ports were around £2,600 worth of synthetic fibre dresses.[1]

iv. While the proposal would remove the relevant EU tariffs for most products within scope of the measure, this does not mean that any future imports of those products into Northern Ireland would benefit from the 0% tariff. The proposal would reduce the relevant EU tariff to 0%, but it would not amend the corresponding UK Global Tariff rates. Consequently, imports of these products into Northern Ireland would generally remain subject to the applicable UK Global Tariff, rather than benefiting from the EU’s 0% tariff. Where goods are treated as "at risk" of entering the EU Single Market, a higher EU tariff may apply under the Windsor Framework where the applicable UK tariff is more than three percentage points lower than the corresponding EU tariff. For products benefiting from the tariff reductions, the relevant EU tariff would be reduced to 0%, meaning that the circumstances in which

[1] HMRC Overseas Trade Statistics, downloaded August 2026

a higher EU tariff could apply under the three-percentage-point tariff differential provisions would no longer occur.

v. However, as referenced above, a different outcome may arise for the small number of agricultural products subject to tariff-rate quotas. As those quota arrangements will not be available in Northern Ireland, the applicable EU tariff may continue to be used for the purposes of the at-risk assessment. Consequently, some products subject to tariff-rate quotas may continue to attract a higher EU tariff when imported into Northern Ireland. Nonetheless, in practical terms, the tariff treatment of these products in Northern Ireland would remain the same as it is today, because the relevant tariff-rate quotas are unavailable both now and under the proposed Regulation. As such, the practical impact of the proposal on imports into Northern Ireland is expected to be limited given both the small number of products affected and the limited volumes covered by the tariff-rate quotas, as well as the small number of imports from Armenia into Northern Ireland more generally, as referenced above.

vi. The proposal is not expected to give rise to any regulatory divergence between Great Britain and Northern Ireland, nor is it expected to have a material impact on the movement of goods between Great Britain and Northern Ireland or on unfettered access for qualifying Northern Ireland goods moving to Great Britain. No significant adverse impacts on Northern Ireland's participation in the UK's Free Trade Agreements or UK Common Frameworks have been identified.

vii. To note - this Explanatory Memorandum considers the implications of European Commission proposal COM(2026) 348 specifically. It does not assess other provisions of the Windsor Framework under which imports of Armenian-origin products into Northern Ireland may be subject to EU tariffs, duties or other trade measures. This includes any separate EU measures or customs provisions that may result in goods being treated as "at risk" of entering the EU Single Market, as well as any applicable trade defence measures, anti-dumping duties, countervailing duties or other restrictions that may apply independently of this Regulation.

7. CONSULTATION

i. No formal consultation has been undertaken by the UK Government in relation to this proposal. As this is a European Commission Regulation, the policy has been developed by the European Union rather than the UK Government. The Commission stated they did not carry out a stakeholder consultation, recording simply that stakeholder consultations were "not applicable".

ii. The UK Government has considered the potential implications of the proposal for the United Kingdom, including its application in Northern Ireland under the Windsor Framework. Based on the current assessment, the practical impact in Northern Ireland is expected to be limited and no issues have been identified that would necessitate a formal consultation exercise.

8. FINANCIAL IMPLICATIONS

i. The proposal is not expected to have any significant financial implications for the UK Government. While the UK retains customs duty revenue collected in Northern Ireland, any financial impact arising from the proposal is expected to be limited. This is because, for the products concerned, the UK Global Tariff is expected to continue to apply in the normal way and the proposal does not result in a general reduction of tariffs to 0% in Northern Ireland.

ii. The proposal may, however, result in minor financial benefits for some traders in Northern Ireland importing products within the scope of the measure. Under the Windsor Framework, goods imported directly into Northern Ireland from the Rest of the World may be subject to a higher EU tariff where the applicable UK tariff is more than three percentage points lower than the corresponding EU tariff. As the proposal would reduce the relevant EU tariffs to 0% for most products within scope, the circumstances in which a higher EU tariff could apply under the Windsor Framework would generally no longer occur. An exception may apply in relation to those products benefiting from the aforementioned tariff-rate quotas. As these quotas will not be available in Northern Ireland, the relevant EU tariff may continue to apply for the purposes of the at-risk assessment, meaning that some products could still attract a higher EU tariff on import into Northern Ireland.

iii. Consequently, most importers of products within scope of the proposal will be subject to the relevant UK Global Tariff, noting the caveats in paragraphs 6(v) and 6(vii) above. For products where a higher EU tariff might otherwise have previously applied under the Windsor Framework arrangements, traders may now benefit from paying the lower UK Global Tariff rather than being required to pay the previously higher EU tariff. This could also reduce the need for traders to make claims under the Duty Reimbursement Scheme, through which eligible businesses may seek repayment of the difference between an EU tariff paid at import and the lower UK tariff where it can subsequently be demonstrated that the goods did not enter the EU market. This could reduce both duty costs and the associated administrative burden for affected traders.

iv. Any financial benefits are expected to be limited and will depend on future import volumes, the tariffs applicable to the products concerned under the UK Global Tariff, and the extent to which products are imported directly into Northern Ireland from countries outside the EU. As noted in paragraph 6(iii), direct imports from Armenia into Northern Ireland are currently extremely limited.

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