On 5 December 2016, in a Written Ministerial Statement, the Secretary of State for International Trade set out the Government’s plans regarding our future commitments within the World Trade Organisation. Specifically, that Statement explained that in order to minimise disruption to global trade as we leave the EU, the Government would prepare the necessary draft schedules which would replicate as far as possible our current obligations, and that the Government would undertake this process in dialogue with the WTO membership. I should like to update you on this important work. Please be aware that Liam Fox has written in similar terms to the International Trade Committee.

As you know, while the UK is a member of the WTO in its own right, many of our commitments are applied through the EU as a whole. These commitments are set out in goods and services schedules and represent the minimum levels of market openness that our trading partners can expect from us. In preparing UK-only schedules, the Government intends not to disadvantage any of our trading partners. This involves technical adjustments in two areas that specifically affect agriculture, which will need careful treatment.

First, tariff rate quotas are currently administered for the whole of the EU and we will need to establish what the appropriate quota for the UK should be, taking into account the trade history.

Second, there is the question of the limit of trade-distorting agricultural support where the EU has a theoretical upper limit of €72billion, but spends only a small fraction of that. Again, we will need to determine an appropriate UK share based on the UK's share when the limit was first established in 1995.

The WTO Secretariat has been helpful in assisting UK officials. The UK has engaged with the entire WTO Membership and engaged with national experts in specific sectors (agriculture, services, etc.) to discuss our plans regarding our position in the WTO, in particular making full use of the margins of committee meetings at the WTO. This
engagement will intensify over the coming months. This month the committee on agriculture is meeting in Geneva which will provide an opportunity to discuss our transition with our WTO partners.

In taking these issues forward we are working closely with the European Commission. We have been exploring with the Commission areas for cooperation as we and the EU address our respective commitments in the WTO to reflect the UK's transition from EU to non-EU WTO Member. The UK Ambassador and the EU Ambassador to the WTO have now written to the WTO Membership to set out our plans. With regard to TRQs and AMS, UK and EU will soon start to discuss with the WTO Membership.

I want to ensure that the establishment of UK schedules is as transparent as possible and that all potential issues are accounted for in advance. We are committed to a process that will assure our trading partners that they will not be disadvantaged by our UK-specific schedules. On that basis, it is my intention that the Government will subsequently submit UK-specific goods and services schedules to the Director General of the WTO for circulation to the WTO Membership in advance of our leaving the EU.

Our future WTO schedules will form the foundation of our trade policy as we leave the EU and we will be looking to settle the issues identified above in the coming months. We want to ensure that we have a firm foundation for the implementation of the relevant aspects of the legislative programme - notably the Trade and Customs Bills - to allow us to forge new trading relationships with our trade partners around the world, and maintain continuity and stability for UK businesses and consumers.

I am also including a copy of the letter that the UK Ambassador to the WTO and his EU counterpart have jointly written and sent to the WTO membership. I am placing copies of this letter in the libraries of the House.

Michael Gove
Dear Colleagues,

On 29 March 2017, the Government of the United Kingdom (UK) notified the UK’s intention to withdraw from the European Union (EU) of which it currently is a Member State. Negotiations on the UK’s withdrawal are on-going and it is anticipated that the UK will leave the EU at the end of March 2019. Until its withdrawal, the UK remains a Member State of the European Union with all the rights and obligations of a Member State including in respect of the EU’s Common Commercial Policy.

The UK’s withdrawal from the EU has implications beyond the EU and the UK’s bilateral relationship. The EU and the UK acknowledge the need for clarity and predictability towards their trading partners in the multilateral trading system. The EU and the UK therefore wish to set out their intentions with regard to the implications of the UK withdrawal from the EU within the World Trade Organization (WTO). This is without prejudice to the future bilateral relationship between the EU and the UK, and to the position the EU and UK may take on other trade-related matters in the future.

Both the EU and the UK are original Members of the WTO pursuant to Article XI:1 of the Marrakech Agreement Establishing the WTO (WTO Agreement). When the European Communities accepted the WTO Agreement and the Multilateral Trade Agreements in 1994, the schedules of concessions and commitments and of specific commitments that were annexed to the General Agreement on Tariffs and Trade 1994 and the General Agreement on Trade in Services for the European Communities were thereby simultaneously annexed for the UK. The EU’s schedules therefore contain commitments applicable also to the UK in its capacity as a WTO Member. As far as the EU is concerned, its scheduled commitments for goods, services and public procurement will remain applicable to its territory, but the EU’s existing quantitative commitments in the area of goods will require certain adjustments to reflect the UK’s withdrawal from the EU.

Following its withdrawal from the EU, the UK will remain a Member of the WTO, subject to all the rights and obligations that this entails. It will have its own separate schedules of commitments for goods and services, to take effect immediately upon leaving the EU. In communicating its own separate schedules before it leaves the EU in March 2019, the UK intends to replicate as far as possible its obligations under the current commitments of the EU.

The EU and the UK will follow a cooperative and transparent approach regarding any necessary adjustment in the WTO arising from the UK withdrawal from the EU. Both the UK and the EU would like to reassure our WTO partners that we will strive to minimise disruption to trade as the UK leaves the EU.
Specifically, the EU and UK intend to maintain the existing levels of market access available to other WTO Members. To this end, we intend that the future EU's (excluding the UK) and the UK's (outside the EU) quantitative commitments in the form of tariff-rate quotas be obtained through an apportionment of the EU's existing commitments, based on trade flows under each tariff-rate quota. In doing so, we propose to follow a common approach, *inter alia* to data and methodology, and to engage actively with WTO Members on these.

Similarly, we intend that the EU’s current annual and final bound commitment level specified for domestic agricultural support be apportioned between the future EU and the UK on the basis of an objective methodology.

In all this work, the EU and UK will act in accordance with appropriate WTO rules and procedures.

Following the withdrawal of the UK from the EU, the EU of 27 Member States will remain party to the Government Procurement Agreement. The UK and EU will work together on the UK's objective of remaining, upon leaving the EU, subject to the rights and obligations it currently has under the Government Procurement Agreement as an EU Member State on the basis of the commitments currently contained in the EU schedule of commitments. The EU and the UK will also cooperate in a spirit of transparency with regard to the UK's intentions to establish its own separate UK services schedules.

Both the UK and the EU remain fully committed to the trade and development agenda. The UK has already announced its intentions regarding continuation of preferential arrangements for developing and least-developed countries on withdrawal from the EU, and intends to continue supporting technical capacity building in the area of trade.

The UK and the EU are committed to engaging with the WTO Membership in a spirit of cooperation, inclusiveness and openness on these matters over the course of the coming weeks and months.

Yours sincerely,

H.E. Julian Braithwaite  
Permanent Representative of the United Kingdom to the International Organizations in Geneva

H.E. Marc Vanheukelen  
Permanent Representative of the European Union to the WTO