



Department
for Exiting the
European Union

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Dear Seema,

Thank you for your letter of 5 December in which you and other Colleagues asked for further clarity on the Government's policy regarding the continuity of EU trade agreements as we exit the EU. As you note, this is a very important matter and I will address each of your points in turn.

I can reassure you that the Government is absolutely committed to ensuring we maintain our trading relationships with non-EU countries as we leave the EU, including through retaining the effects of the existing free trade agreements from which we benefit.

That is why we have agreed with the EU that they will notify treaty partners that the UK is to be treated as a Member State for the purposes of its international agreements with third countries - including existing free trade agreements and Economic Partnership Agreements - during the Implementation Period. This is set out in Article 129.1 of the Withdrawal Agreement and the corresponding asterisk. We have agreed that this approach should be adopted in relation to all of the international agreements which apply to the UK. This holistic approach provides a basis for continuity across the wide range of sectors covered by the EU's international agreements - for example, aviation, trade, nuclear, environmental, fisheries and political agreements. This will give citizens, business and our international partners the certainty and confidence they want and need. It minimises any disruption and enables the smooth transition we are all seeking to deliver.

Discussions with third countries have demonstrated a strong commitment to finding a pragmatic way to ensure continuity of our existing international agreements, reducing any possible disruption and thereby minimising the impact of the UK's departure from the EU on them. A number (including Canada, Chile, Israel, Switzerland, and groupings such as the Southern African Customs Union and Eastern and Southern Africa EPA States) have already publicly welcomed this approach. Further detail on our ongoing engagement with third countries was provided by the Rt Hon George

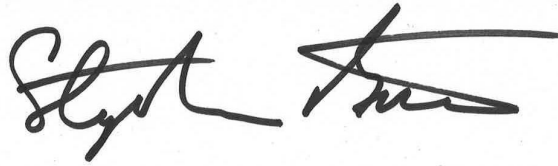
Hollingbery, Minister of State for Trade Policy, in a letter to the Chair of the European Scrutiny Committee on 4th September 2018 and in an evidence session of the International Trade Committee on 28 November, and by the Secretary of State for International Trade in an evidence session of the International Trade Committee on 5 December. Some countries are understandably waiting for the notification to be issued before they respond and are able to confirm their clear agreement. We will continue engaging with them.

You also asked about our contingency planning for existing FTAs, including Economic Partnership Agreements (EPAs). We have been working to ensure that successor agreements are ready to come into force at the end of the Implementation Period, or earlier if needed - including at the end of March 2019, or as soon as possible thereafter - in the unlikely event of 'no deal'. These new, UK - third country agreements would replace existing EU agreements and allow for the same preferential effects with third countries as far as possible, whilst making the technical changes needed to ensure the agreements operate in a bilateral context. This preparatory work has been underway for over two years and we are making good progress. Indeed we hope shortly to start announcing countries with whom agreements have been finalised, maintaining the UK's trading relationships as we exit, and allowing for future growth in trade. This work includes the EPAs, all of which we are seeking to transition, given our commitment to the role trade plays in development. We are working hard to finalise replacement agreements with our developing country partners, such as the EPA with Eastern and Southern Africa. Alongside this, the UK has already committed to put in place a UK trade preferences scheme for developing countries which will, as a minimum, provide the same level of access as the current EU trade preference scheme by granting duty-free, quota-free access to 48 Least Developed Countries and by granting generous tariff reductions to around 25 other developing countries. The power to do this has already been put in place through the Taxation (Cross-Border Trade) Act.

Should arrangements to maintain particular preferences in a 'no deal' scenario not be in place on exit day, trade would then take place on a 'Most-Favoured Nation' (MFN) basis, which is sometimes referred to as 'World Trade Organization (WTO) Terms', until such a new arrangement has been implemented. I would refer you to the technical notice published on Existing Free Trade Agreements if there's no Brexit deal at

<https://www.gov.uk/government/publications/existing-free-trade-agreements-if-theres-no-brexit-deal/existing-free-trade-agreements-if-theres-no-brexit-deal> for further detail. This is not, however, what we are aiming for.

Thank you again for your interest in this matter. I can assure you that the Department for International Trade will continue to keep Parliament updated on its progress in transitioning our trade agreements as we prepare to exit the EU, but I hope this gives you the clarity you were seeking and further demonstrates our commitment to deliver continuity of these agreements. I am placing a copy of this letter in the Library of the House.

A handwritten signature in black ink, appearing to read 'Steve Barclay', written in a cursive style.

RT HON STEVE BARCLAY MP
SECRETARY OF STATE FOR EXITING THE EUROPEAN UNION