



Department for
International Trade



Department for
Business, Energy
& Industrial Strategy

Lord Grimstone of Boscobel, Kt
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The Baroness McIntosh of Pickering

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1st October 2020

Dear Anne and Wilf,

Thank you for your contributions at the first sitting of Committee meeting on the Trade Bill on Tuesday 29 September. We heard a wide range of incisive comments from Noble Lords, which provided scrutiny of the highest order for this legislation.

As you will know, we need the powers in this legislation to ensure obligations arising from continuity agreements – mainly those relating to procurement and mutual recognition – can be implemented in domestic legislation. Without this power, we risk being in breach of our international obligations.

I resolved to follow up with you directly regarding the scope of the Clause 2 power in the Bill. I am happy to confirm that this legislation can only be used to implement agreements with countries with which the EU had signed trade agreements on or before 31st January 2020, the point at which the UK left the EU.

This means that Clause 2 would allow us to implement agreements where the EU and third country had signed, but not fully ratified, a trade agreement on exit day. As I explained yesterday, this is often attributable to long or delayed domestic ratification procedures; the CETA agreement was signed in 2016 but is still not fully ratified.

Our main objective is to replicate existing obligations in trade agreements between the EU and third countries. However, we recognise that in some circumstances, more significant changes may be required in order to achieve continuity of effect. One example is the UK's negotiations with Turkey, owing to Turkey's place in a Customs Union with the EU.

As I mentioned yesterday, the power provides for a five year period of operation, which can only be extended with the consent of both houses. This is because we will need to ensure the operability of transitioned agreements beyond the end of the Transition Period.

You asked for some specific examples of some areas where we may need to use the power over the sunset period:

- Updating lists of entities subject to procurement obligations in order to reflect machinery of Government changes.
- In the case of a transitioned mutual recognition agreement, we may need to change secondary legislation to update the names of awarding bodies in third countries so that UK businesses can continue to use such bodies legally.

- Where our trade agreements reference international standards, for example on environmental or labour protection, we may need the power to update those references in domestic legislation to ensure that we remain in compliance with our international agreements.

In response to Baroness McIntosh's question on whether the Bill covers services related provisions of trade agreements. This power allows us to implement international trade agreements, meaning either free trade agreements or international agreements that mainly relate to trade other than free trade agreements. I am happy to confirm that, as drafted, this will cover agreements relating to goods and/or services. My officials have reviewed the drafting of both the Bill and the Explanatory Note and I am happy to confirm they are up to date and legally accurate.

I look forward to the remainder of Committee stage and would be happy to discuss the above in more detail.

I am placing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Grimstone". The signature is written in a cursive, flowing style.

Lord Grimstone of Boscobel, Kt
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