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Dear Michael,

Thank you for your letter of 1 December 2020 regarding the UK Internal Market Bill and subsidy control. I am writing to address your concerns regarding the provisions for the reservation of subsidy control and to respond to your suggestion that the UK Government should accept the proposition set out in Jeremy Miles’ letter of the 24 November.

I agree that the UK Government and Devolved Administrations should work constructively and cooperatively on this policy area to design an approach to subsidy control that meets the needs of the UK economy.

The Common Frameworks programme was designed to operate in policy areas where regulatory powers previously held at EU level intersect with devolved competence. However, State aid has never been devolved and as such it has never been included in the Common Frameworks programme. Therefore, the approach set out by the Welsh Government would not be appropriate. Reserving subsidy control through the UK Internal Market Bill remains the best way to ensure we continue to take a consistent approach to subsidy control across the UK.

As I set out in the Written Ministerial Statement laid on 9 September, the UK Government has committed to consulting the Devolved Administrations on the design and scope of a future UK-wide subsidy control regime. We will continue to work closely with the Scottish Government and listen closely to your views on these issues. It is in all our interests to ensure that a new regime works for all the whole of the UK.

Yours sincerely,



**THE RT HON ALOK SHARMA MP**

Secretary of State for Business, Energy & Industrial Strategy