



HOUSE OF LORDS

European Union Committee

House of Lords
London
SW1A 0PW
www.parliament.uk/hleu

The primary purpose of the House of Lords European Union Select Committee is to scrutinise EU law in draft before the Government take a position on it in the EU Council of Ministers. This scrutiny is frequently carried out through correspondence with Ministers. Such correspondence, including Ministerial replies and other materials, is published where appropriate.

This edition includes correspondence from 15 October 2019 – 31 January 2020

EU SELECT COMMITTEE

CONTENTS

Communication from the Commission finalising preparations for the withdrawal of the United Kingdom from the European Union on 1 November 2019 (11816/19).....	2
Council Decision, taken by common accord with the President-elect of the Commission, adopting the list of the other persons whom the Council proposes for appointment as Members of the Commission (11914/19).....	5

COMMUNICATION FROM THE COMMISSION FINALISING PREPARATIONS FOR THE
WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION ON 1
NOVEMBER 2019 (11816/19)

**Letter to the Chairman to James Duddridge MP, Parliamentary Under Secretary of
State, Department for Exiting the European Union**

Thank you for your letter of 8 October regarding the recent Explanatory Memorandum. I am pleased to set out the Government's response below:

EM 11816/19

Citizens' Rights

Which Member States, in particular, does the Government feel have not made a sufficiently robust offer to UK citizens? What steps is the Government doing to engage bilaterally with individual Member States to address these issues? What steps are you taking to communicate with UK citizens resident in the EU about their status?

The Government is clear that UK nationals currently living, working and studying in the EU deserve certainty about their rights going forward, in any scenario. Whilst we have set out a package of unilateral measures to support UK nationals where it is possible to do so, in a no deal scenario, the Government cannot unilaterally protect the rights of UK nationals in other countries. We have therefore called on Member State to reciprocate our guarantee to EU citizens in the UK. I am pleased to report that all Member States have now committed to protect UK nationals, albeit in varying detail. Crucially, these offers all provide a route for UK nationals and their family members to remain resident once the UK leaves the EU.

Broadly, whilst we welcome the offers made by Member States, there are some areas of ongoing concern which feature in a number of Member State offers. For example, in many Member States:

- the deadline for registration is shorter than the deadline set by the UK and in some Member States the no deal offer only applies to UK nationals who register by exit day. In the UK, EU citizens will only need to be legally resident by exit day and have until at least 31 December 2020 to apply to the EU Settlement Scheme;
- the right of return offered to UK nationals with status is less generous, mostly set at only a two-year right to return whereas the UK is offering five years with settled status; and
- UK nationals may lose access to some in-country benefits and services as they move to third-country nationals status, including rights currently covered by the EU social security coordination, including reciprocal healthcare, framework.

To address these concerns, Ministers and officials are continuing intensive engagement with our EU partners and asking them to fully reciprocate our commitment to EU citizens and address the gaps in their offers that I have outlined above. We are also continuing to encourage each Member State to communicate the details of their plans as soon as possible so that UK nationals can prepare for exit. These Member State communications will supplement the Foreign and Commonwealth Office's £11 million 'UK nationals in the EU' and 'UK travellers to the EU' public information campaigns. These campaigns are already live and providing clear, factual, information to UK nationals living in the EU and to those planning to travel there after exit day. We are also directing UK nationals to 'living in' guides and travel advice on GOV.uk, which provides up-to-date guidance on the actions that individuals need to take now to get ready for exit.

The Foreign and Commonwealth Office's Embassies, Consulates and High Commissions, with support from my officials here in London, have also intensified their engagement with British communities in Member States. Since November 2017 we have held over 552 outreach events for UK nationals across Europe, reaching over 258,000 attendees and have significantly increased the capacity of our

Europe consular network to ensure we can effectively respond to any increase in UK nationals seeking consular help following exit.

I would also like to draw your attention to the recent launch of the Government's UK nationals support fund, which was announced on 30 August¹. This fund will provide grants up to a total of £3 million to third party organisations in order to support UK nationals living in the EU and EFTA states with the process of registering for residency in the country which they reside. We are working to operationalise this scheme as soon as possible. Organisations will be required not only to inform UK nationals who need assistance about the need to register for residency but also provide practical support as they complete their applications. For example, taking a UK national without transport to local authorities, helping them to fill out the relevant forms in a foreign language and helping the hardest to reach. The Foreign and Commonwealth Office's consular network will also continue to provide professional, tailored assistance to vulnerable UK nationals overseas.

Business Readiness

We note that the Commission has drawn up a 'Brexit Readiness Checklist' for Member States and relevant stakeholders. How confident are you that the Government has provided sufficient and equivalent information to UK stakeholders?

It is a priority of the Government to make sure that UK businesses are ready for Brexit, including for a 'no deal' scenario. Since August 2018 we have published approximately 750 pieces of communication on 'no deal', including 106 technical notices explaining to businesses and citizens what they need to do to prepare. An interactive tool on GOV.uk offers similar assistance to the 'Brexit Readiness Checklist' and helps businesses find the guidance most relevant to them. We are also running a public information campaign 'Get Ready for Brexit' on TV, radio, billboards, press and social media to improve awareness and take-up of our Government advice.

The government has already introduced significant and widespread measures to aid business preparations for Brexit, and will continue to do so in the lead up to Brexit. We have created a £108m Brexit Business Preparedness fund, which is being allocated across Government. The Department for Business, Energy, and Industrial Strategy has, from this fund, introduced a £15m Business Readiness Grant Scheme to enable business representative organisations to aid SMEs across England and the UK to prepare for Brexit.

Face-to-face support has been delivered by Ministers and officials from across Government, who have met with thousands of businesses and other stakeholders to discuss EU exit. BEIS has spoken at over 60 events around the country since mid-February, informing over 5,000 businesses on what they can do to get ready for Brexit. DExEU has organised over 700 recorded engagements with business and civil society stakeholders, with Ministers attending over 120 roundtables.

Government has also worked with a number of businesses and business representative organisations (BROs) to increase our reach of SMEs. We are engaging with around 50 businesses and BROs to sign-post or transmit our Brexit preparedness advice to their customers and suppliers.

For certain sectors more specific intervention has been required. DfT have made £8 million available to set up 150 pop-up sites across the UK and EU to provide advice on what hauliers need to do to ensure they get through border customs smoothly. 31 pop-up sites are live. DfT have published a Hauliers' Handbook in 11 different languages to set out how hauliers can prepare so they can continue to travel freely. DfT have also published a checklist outlining the documentation that will be required to transport goods into the EU.

Tariffs

The Communication lists several of the tariffs that will be applied by the EU in the event of a no deal exit. What assessment has the Government made of the economic impact on UK businesses of the imposition of such tariffs? What steps is the Government taking to mitigate any negative impact arising?

¹ The GOV.uk announcement is here: <https://www.gov.uk/government/news/3-million-grant-to-help-uk-nationals-in-eu-for-brexit>

The Temporary Tariff Regime (TTR) will maintain trade for the majority of UK imports, helping to support consumers, business supply chains and sensitive sectors in the UK economy. Predicting short run policy impacts is difficult to do with certainty. This is particularly true in the unprecedented context of a no deal exit from the EU, where a range of factors, including wider macroeconomic impacts, including on prices and non-tariff barriers, are likely to be more significant than the impact of tariffs. It is therefore difficult to predict the impact on particular sectors.

In the event of no deal, both tariff and non-tariff issues will affect price impacts. Those on lower incomes are more sensitive to price increases. For example, food takes up a relatively large proportion of total expenditure for poorer households. The mitigation of price rises resulting from this policy will be to the benefit of all consumers, and particularly those in lower income brackets.

The Government recognises that there should be a means of review for the Temporary Tariff Regime in the meantime. Therefore the Government stands ready to support businesses and consumers as the UK leaves the EU on 31 October. Whilst the Temporary Tariff Regime is in operation there will be an exceptional review process. Businesses and consumers will be able to provide feedback on the impact of the Temporary Tariff Regime to the Government through an online feedback form, which will be available through GOV.uk ahead of 31 October. Further details on how to submit evidence and the overall process will be provided on GOV.uk.

The Exceptional Review Procedure means that the Government will be able to make changes to the Temporary Tariff Regime during the consultation period on the permanent tariff regime before it comes into force. All decisions will be based on the evidence submitted and made with reference to the criteria set out in the Taxation (Cross-border Trade) Act 2018.

Border Related Communications

While we welcome the Government's support for a joint communications campaign with the Commission, we note that the Commission has remained consistently opposed to such a campaign. What steps are you taking to encourage the Commission to engage in such bilateral cooperation?

The Government continues to undertake a comprehensive programme of communications and engagement to provide additional support and advice to improve trader, haulier and passenger readiness. This includes advertising – on tv, radio and digital, publishing a range of leaflets, process maps and videos, engaging with third parties and running a series of business events and online webinars.

The Government is also running advertising, events and webinars in the EU. We are continuing to deliver bespoke industry days to stakeholders across the EU with Member States, highlighting border processes and documentation requirements, to support increased trader readiness. These have been designed to focus on key Member State border locations and businesses involved in moving goods to and from the UK.

The UK has shared its communications products with officials from a number of Member States and we continue to explore the possibility of working with officials from Member States on joint communications to cover key issues. The Government would welcome further engagement with the Commission and Member States to align communications activity and ensure that traders, hauliers and passengers from across the EU are ready to cross the border in a no deal scenario.

Northern Ireland

The Commission sets out the steps that it will take in relation to Ireland and Northern Ireland in the event of no deal. What is the Government's current analysis of the political and economic implications of no deal for Northern Ireland in the event of a no deal outcome? How prepared is Northern Ireland for such an outcome, and what further preparatory steps need to be taken in the short time available?

The Government is absolutely committed to the Belfast ('Good Friday') Agreement. We will not introduce any infrastructure, checks or controls at the land border between Northern Ireland and Ireland. We are also clear that the unique social, political and economic circumstances of Northern Ireland must be reflected in any arrangements that apply in a no deal scenario.

The Government has therefore set out a unilateral, temporary policy for the Northern Ireland land border in the event of a no deal exit of 'no new checks with limited exceptions.' This policy aims to maintain the status quo as far as possible for imports that cross the land border from Ireland into Northern Ireland. It will ensure that no checks are required at the land border. In the event that a no deal exit becomes necessary, the Government will put the secondary legislation needed to implement these arrangements to Parliament.

The Government is also committed to the good governance of Northern Ireland. We maintain constant contact with the NICS, who are doing incredible work. But the status quo is not acceptable; the people of Northern Ireland deserve strong political leadership from locally elected politicians. That is why restoring the NI Executive is an important priority for the Government. We will continue to strive to create the right conditions for the Northern Ireland parties to reach an accommodation and restore the Executive. While an opportunity exists to restore devolved government, the UK Government will do everything it can to achieve that. However if that fails, we will take all steps necessary to ensure good governance in Northern Ireland.

The Government recognises that Northern Ireland's businesses will have concerns about the impact that a no deal exit would have on their competitiveness. That is why we are committed, in the event of no deal, to entering into discussions urgently with the European Commission and the Irish Government to jointly agree long-term measures to avoid a hard border. The Government has published several documents setting out the potential impacts and opportunities of the UK leaving the EU without a deal, including the *No-Deal Readiness Report* in October 2019 and the Government's *EU Exit: Long-term economic analysis* in November 2018. The Government will, of course, use a range of economic policy tools to mitigate any short-run disruption, support the economy through the transition, and boost the long-term potential of the UK economy, taking advantage of the opportunities made available by leaving the EU.

Both the UK and Irish Governments have committed to maintaining existing Common Travel Area (CTA) arrangements, enabling British and Irish citizens to move freely between, and reside in, these islands. British and Irish citizens will continue to enjoy additional rights in Ireland and the UK. These include the right to work, study and vote in certain elections, as well as to access social welfare benefits and health services. After the UK leaves the EU, both British and Irish citizens will continue to have these rights, even in the event of leaving without a deal. Energy regulators in Ireland and Northern Ireland have also set out that the Single Electricity Market (SEM) will continue to operate after Brexit.

The UK Government has held and continues to hold events across Northern Ireland to work with stakeholders to help them understand the changes required for their businesses. The Government will continue to provide guidance and advice for members of the public and businesses via GOV.uk.

22 October 2019

COUNCIL DECISION, TAKEN BY COMMON ACCORD WITH THE PRESIDENTELECT
OF THE COMMISSION, ADOPTING THE LIST OF THE OTHER PERSONS WHOM THE
COUNCIL PROPOSES FOR APPOINTMENT AS MEMBERS OF THE COMMISSION
(11914/19)

**Letter from the Chairman to Lord Callanan, Minister of State, Department for Exiting
the European Union**

Thank you for Explanatory Memorandum, dated 14 October 2019, on the above document. The House of Lords European Union Select Committee considered it at its meeting on 29 October 2019.

We note that the process for appointment of the new Commission has been delayed since the publication of the EM, and that the new Commission will not now take office before 1 December

2019. We note also that the Government did not nominate a Commissioner for the period starting 1 November, in view of its commitment to UK withdrawal on 31 October 2019.

We note that on 28 October the European Council agreed to the Prime Minister's request for an extension of UK membership until 31 January 2020. We also note that the Council's Decision stated that the UK will remain a Member State until the new withdrawal date with full rights and obligations, "including the obligation to suggest a candidate for appointment as a member of the Commission." In light of this, will the Government now nominate a UK Commissioner? If you will do so, who will it be and when will the nomination be made?

If, on the other hand, the UK Government does not nominate a Commissioner, what political and legal consequences will follow?

Finally, the Commission's letter of 28 October referred to the UK's commitment "to act in a constructive and responsible manner throughout the extension period in accordance with the UK's duty of sincere cooperation". In reaching a decision on whether or not to nominate a Commissioner, what consideration have you given to this responsibility?

We request a response to this letter by 31 October 2019. In the meantime, we retain this document under scrutiny.

29 October 2019

Letter to the Chair from Lord Callanan, Minister of State, Department for Exiting the European Union

Thank you for your letter of 29 October.

As you note in your letter, the European Council has adopted a decision to extend the period under Article 50(3) TEU to 31 January. This has a number of implications that will require careful consideration. I am not able to address the specific questions you raise in your letter at this time and will write at a later date when I am able to provide substantive responses. I can, however, confirm that the Government will abide by its legal obligations.

5 November 2019