

# European Scrutiny Committee

## Oral evidence: The UK's new relationship with the EU, HC 1197

Monday 8 February 2021

Ordered by the House of Commons to be published on 8 February 2021.

[Watch the meeting](#)

Members present: Sir William Cash (Chair); Allan Dorans; Richard Drax; Margaret Ferrier; Mr Marcus Fysh; Mrs Andrea Jenkyns; Mr David Jones; Marco Longhi; Craig Mackinlay; Anne Marie Morris; and Greg Smith.

Questions 1-52

### Witnesses

I: Michael Gove MP, Chancellor of the Duchy of Lancaster, Cabinet Office; Emma Churchill, Director General of the Border and Protocol Delivery Group, Cabinet Office; Jessica Glover, Director General of the Transition Task Force, Cabinet Office; and Brendan Threlfall, Director General of the Transition Task Force Northern Ireland, Cabinet Office.



## Examination of witnesses

Witnesses: Michael Gove MP, Emma Churchill, Jessica Glover and Brendan Threlfall.

**Q1 Chair:** Chancellor, the Government have announced that Lord Frost will lead the UK's institutional and strategic relationship with the EU as head of a new international policy unit at No. 10. At the same time, numerous Government Departments carry some responsibility for implementing aspects of the withdrawal agreement and the TCA. How do the Government propose to co-ordinate activities across this complex web of shared responsibilities?

I have two further questions. Which Minister has overall responsibility, and who will be directly accountable to Parliament? I have one last point relating to what I asked you last week. I asked whether it was the opinion of you and the Government that the Northern Ireland protocol was fit for purpose. Would you please be kind enough to make a comment about that when you reply to those questions?

**Michael Gove:** Thank you, Sir Bill, and thanks to your Committee. It is a pleasure to appear in front of you. The first thing to say is that the principal means of co-ordinating efforts across Government is through the XO committee. As your Committee will be aware, the XO committee brings together different Government Departments currently under my chairmanship in order to make sure that we are implementing the TCA in all its particulars, and also that we are working with business and civil society in order to make sure that people are aware of the changes required now that the transition period has ended and the TCA is in place, and aware of the opportunities that exist now that we are outside the European Union.

It is the case, as you rightly point out, that Lord Frost, who so successfully led the negotiations, is leading a new unit in No. 10, and the Cabinet Office team will be working alongside him. We are considering how to modernise the Cabinet Office secretariat to ensure that the roles that have been taken by Taskforce Europe and the transition taskforce in the past are properly integrated into that. On a matter as important as this, ultimate ministerial responsibility of course rests with the Prime Minister. I am currently the joint chair of the Joint Committee alongside Vice-President Maroš Šefčovič. As you will know, he has also been appointed as the co-chair of the Partnership Council. The Prime Minister is considering which Minister should be the UK co-chair of the Partnership Council alongside Maroš Šefčovič, and we will inform the House and this Committee as soon as the Prime Minister has made that decision.

On the Northern Ireland protocol, there are a number of areas where recent events have shown that we need to look at its application on the ground. The protocol, of course, was designed to ensure that Northern



## HOUSE OF COMMONS

Ireland is an integral part of the UK customs territory and could benefit fully from the UK internal market, but in a way that recognised our desire to help the EU to protect its own single market. There are a number of issues—I am sure the Committee will want to go into detail—where we believe that we need refinement of the way in which the protocol operates for it to be effective in the interests of the people of Northern Ireland. The overarching aim of the protocol is to make sure that the gains that the people of Northern Ireland have enjoyed in the last 20 or so years are consolidated and built on. At the moment, as this Committee will be aware, there are concerns across communities in Northern Ireland about the impact of the protocol.

**Chair:** That is a very interesting answer, particularly regarding the future of the Joint Committee, but we shall wait and see on that. I will now ask Andrea Jenkyns if she would be good enough to ask the second question.

Q2 **Andrea Jenkyns:** Thank you, Chairman, and thank you, Minister. Why did you not share with Parliament the details of the content of the Joint Committee's decisions and unilateral declarations relating to the protocol on Northern Ireland and Ireland ahead of their adoption, to allow a degree of scrutiny?

**Michael Gove:** I think there are specific issues about the way in which the Joint Committee is set up. Of course, those who sit on the Joint Committee, which include all the member states of the European Union, also include the representatives of Northern Ireland. The Northern Ireland Executive are represented on it, but the Joint Committee is explicitly a creation of the withdrawal agreement. I will bring in Brendan Threlfall, who is the lead official in this area, who may be able to say a little bit more.

**Brendan Threlfall:** I think it is worth clarifying that we did share the draft decisions and the unilateral declarations with Parliament. We actually published them immediately after agreement between the Joint Committee co-chairs in early December, ahead of their formal adoption on 17 December. Those decisions and declarations were available to Parliament ahead of the Joint Committee, which formally agreed them.

**Chair:** The next question is from Anne Marie Morris.

Q3 **Anne Marie Morris:** Chancellor, how does the statutory prohibition on agreement by written procedure improve accountability if Parliament cannot assess draft decisions of the Committee before they are agreed and take effect? When you put forward the position that no written procedure could be used, you made quite a bit of this as a positive, which would deliver transparency, but I am at a loss to understand how we are going to have that transparency.

**Michael Gove:** Our view—the Government's collective view—was that we should avoid agreement by written procedure precisely so we could ensure that those things that have to be agreed by the Joint Committee were agreed by Ministers, by the respective co-chairs and by others in the forum of the Joint Committee, through appropriate discussion. It was an



## HOUSE OF COMMONS

attempt to ensure that we made the process as inclusive and as open as possible, consistent with the institutional architecture of the Joint Committee. Again, I will refer to Brendan Threlfall for further detail.

**Brendan Threlfall:** It is worth reiterating that in the terms of the agreement last December, the decisions were formally adopted at the Joint Committee by the Minister on 17 December. Before that, very shortly after the co-chairs reached an in-principle agreement on a package on 8 December, we published those decisions in draft, and all the EU declarations and the UK Government documents. We transmitted all of those to this Committee and other relevant Committees in the Commons, so there was a period of time for scrutiny prior to the Joint Committee formally agreeing them.

**Michael Gove:** More broadly, specifically with respect to the Northern Ireland protocol, as you know the Government published a Command Paper outlining the approach that it would take towards the Northern Ireland protocol. That invited some criticism from some parties, not to the fact of its publication but to the direction of travel that we wanted to take. That Command Paper made clear the Government's determination to ensure that the place of Northern Ireland in the United Kingdom was secure and that the interests of the people of Northern Ireland were upheld by the UK Government.

That is not to say that there are not plenty of areas where either the decisions of the Joint Committee or its operation might not be criticised, but I hope that the publication of the Command Paper helped to inform not just Parliament, but also the EU, about the approach that we were going to take to that question.

**Chair:** Anne Marie, did you want to ask question 4?

Q4 **Anne Marie Morris:** By all means, because it is a natural sequitur. Chancellor, so far, as you have already alluded to, you have only published information on joint UK-EU decisions after their agreement. Despite the evidence that Brendan Threlfall, from your team, has given, I do not quite see how that improves transparency. I cannot see a clear timeline or a mechanism to enable Parliament to properly scrutinise matters.

**Michael Gove:** Again, we are operating through the Joint Committee in the way any Government would negotiate with another international organisation or state. It is always the case, when you have negotiations of this kind, that they happen Government to Government, Executive to Executive or, in this case, Government to Commission or Commission representative, but of course we outline the approach that we are taking through Command Papers, through statements to Parliament and through opportunities such as this. It is the case that during the course of last year I and other Ministers have appeared in front of the now defunct FREU Select Committee and, indeed, my colleague the Paymaster General appeared before this Committee to explain the approach that we were taking, the judgments that we made, the policy behind it and the trade-



## HOUSE OF COMMONS

offs that we were prepared to contemplate. I am looking forward to appearing in front of this Committee as regularly as you would like me to as the work of the Joint Committee and, indeed, the Partnership Council proceeds; and if it is the case that other Ministers take on these responsibilities, I know that they will be equally, if not more, assiduous in ensuring that they make themselves available.

- Q5 **Anne Marie Morris:** Chancellor, I am delighted to hear that you are prepared to make yourself available as much as we should choose. I hope that, in the same spirit, you will—how shall I put it?—encourage other Ministers to join in that enthusiasm for joining us to discuss matters. Perhaps I could pin you down though, because it seems to me that, despite your warm words, we are not getting much specificity as to what we are going to get and when, so will you commit to prior publication of draft agendas and draft decisions of the various UK-EU bodies, with sufficient time—I would like you to tell me what you think that is—for Parliament and other stakeholders to assess them, ask questions and raise concerns before the relevant meetings?

**Michael Gove:** I think there is no problem in publishing an agenda beforehand. One of the things that may be helpful—this is an offer I make, and other Ministers may want to augment this—is to allow me, or another Minister, to appear before this Committee before appropriate meetings of the Joint Committee or the Partnership Council. I should add that it is envisaged that there should be a joint parliamentary—I hesitate to say “assembly”, but certainly committees with EU parliamentarians and UK parliamentarians meeting. Again, as I have stressed in other Committees, it is for the House of Commons to decide itself what it thinks the best means of effecting scrutiny and ensuring co-operation might be.

- Q6 **Anne Marie Morris:** Chancellor, when you say that it is for the House of Commons, are you anticipating the Leader of the House coming forward with the proposal? How are you expecting the specificity of this transparency to be determined, and what is your thought on timing, because we need to move forwards?

**Michael Gove:** I quite agree. It has been our habit so far to publish a written ministerial statement before every Joint Committee meeting, with the agenda. It is also the case that Parliament can, through urgent questions or demands for statements, have me or any other Minister appear on the Floor of the House. But with respect to how the House itself organises its Committees, that is ultimately a matter for Members of the Commons. One of the things I said when I was being asked by the Lords Committee on the EU last year about how Parliament should operate and whether there should be some body that brought together EU and UK parliamentarians, was that it very much was the case that I wanted to facilitate that, but I did not want to insist on its model. It was the House that decided that the FREU Select Committee should dissolve itself, as it were. That means inevitably that this Committee takes on even more responsibilities. Ultimately I don't think it is the Government that should decide the shape or the agenda of Select Committees; that is a House



## HOUSE OF COMMONS

matter, but of course we will do everything we can to facilitate the effective scrutiny that the House needs to enjoy of Government activity.

- Q7 **Anne Marie Morris:** That is helpful, and I am sure that the Chairman, Sir William, will take that forward, but can I just press you? When you say you are going to commit to the prior publication, within what timeframe?

**Michael Gove:** More or less as soon as we agree an agenda with our co-chair of the Joint Committee, we publish it in a WMS. Of course, the timing of Joint Committee meetings can sometimes be accelerated, as they were in the run-up to the agreements that we reached last December, but again, we do everything we can to make sure that WMS is printed and shared with the House in good time.

- Q8 **Anne Marie Morris:** Chancellor, can I take it as given that that will never be less than seven days?

**Michael Gove:** I do not think that I can give that commitment, but I think it a very good target to work towards.

- Q9 **Anne Marie Morris:** Thank you. If I may, much groundwork for Joint Committee and Partnership Council decisions is done by specialised committees in specific areas, such as the Northern Ireland protocol, fisheries, and energy. In some instances, those committees can adopt binding decisions. How will you make the work of the specialised committees, under both the TCA and WA, as transparent as possible? Will you mirror, for them, the sort of procedures that you have just outlined with regard to the other Committee?

**Chair:** For the benefit of the audience, or the public, TCA means trade and co-operation agreement, and WA means withdrawal agreement.

**Michael Gove:** Thank you, Sir William. Yes, I think that the role of the specialised committees will be a very important part of the ongoing set of relationships that the UK has with the EU and its member states. As we settle into a rhythm of meeting, so we will settle into a rhythm of sharing agendas in advance and making sure that there is room for appropriate parliamentary scrutiny.

- Q10 **Anne Marie Morris:** So those will be shared in the same way as you have described for those of the Joint Committee?

**Michael Gove:** I would want to mirror them as closely as possible, but of course, whoever is the UK chair of the Partnership Council—whether it is me or another Minister—will want to talk to Vice-President Šefčovič to ensure that we have a system that respects the need of the House to scrutinise the work of those specialised committees, with the nature and the timing of their meeting. By its very nature, it is a joint body, but I think I can guarantee and underline that we will do everything possible to make sure that there is a timely notification of the House and of this Committee of the agenda, and an opportunity for any questioning and debate beforehand about what we need to achieve in those committees.

- Q11 **Anne Marie Morris:** I am delighted to have a guarantee, Chancellor, and



## HOUSE OF COMMONS

I assume that it is taken as read that your commitment to endeavour to enable Parliament to have at least seven days applies to these committees as much as it does to the Joint Committee.

**Michael Gove:** Yes, wherever possible. Sometimes, as recent events have shown, actions may be taken by the EU that mean that we have to have meetings, whether of the specialised committees, the Joint Committee or the Partnership Council, in very short order to deal with a fast-moving issue, so that will not always be the case. But with regular meetings of the specialised committees or the Joint Committee, when things are proceeding as smoothly as they should, of course we will endeavour to share the agenda well in advance.

**Anne Marie Morris:** Thank you, Chancellor. Sir William, over to you.

**Chair:** David Jones, would you like to ask the next question, please?

Q12 **Mr Jones:** I would like to ask a few questions about the events of the last week of January, which was of course when the European Union passed an implementing regulation that effectively prevented the export of vaccine from the EU to the United Kingdom, and also triggered the mechanism under article 16 of the Northern Ireland protocol, effectively doubling down on that and preventing the export of vaccine to Northern Ireland. You immediately—or at least fairly shortly afterwards—raised your concerns with the European Union. What impact has that triggering of that article 16 mechanism had on relations between the United Kingdom and the European Union, and indeed on the stability of the protocol?

**Michael Gove:** I think you are right, David, to alight on this as an extremely important moment. As I explained to the House of Commons last week, it was a moment when trust was eroded and damage was done, and movement is required to ensure that we have an appropriate reset.

The first thing to say—I think the Committee knows this, but it is worth placing it on the record—is that ordinarily article 16 should be invoked only after notice has been given and a means of resolution of the issue at hand has been found through the Joint Committee, and it is meant to take 30 days to try to find a resolution.

As you know, the written procedure—the Commission document—was published without adequate notice, or any real notice, actually, being given to the UK Government or, for that matter, to the Irish Government, even though manifestly Ireland is a member state. Not only were the EU's own procedures set aside, but the EU's members were ridden roughshod over. More than that, article 16 exists to protect the people of Northern Ireland. It is not there to make sure the EU's vaccine procurement programme can be salvaged in whatever way by taking this sort of action. That is completely inappropriate.

I spelled that out to colleagues in the European Commission. To be fair to the European Commission, that evening they changed their approach, but it is still of concern that, as things stand, the EU reserves the right



potentially to return to article 16 in this area. As things stand, that regulation is still in place in its current form.

There needs to be a realisation on all sides that this is not just some arcane bit of diplomatic procedure; it has real consequences on the ground. People in Northern Ireland have made their views clear about the way in which the protocol is affecting their daily lives. My aim is to ensure that the people of Northern Ireland have their daily lives and livelihoods protected. That is why I believe we need the reset that I alluded to.

**Q13 Mr Jones:** Would it be fair to say that triggering the article 16 procedure has had a significantly damaging effect on EU-UK relations?

**Michael Gove:** I think it has had a damaging effect in Northern Ireland. With respect to UK-EU relations, one of the things that I try to do is make sure we can maintain civil, cordial and constructive relationships with the EU, the Commission and our interlocutors. My principal concern is that the people in Northern Ireland saw that something that is designed for their benefit was potentially being used against their interests. That is the profound problem. The UK Government wants to ensure that the protocol works in the interests of the people of Northern Ireland. There are specific issues relating to the free movement of goods within the United Kingdom that the protocol bears on. My principal concern is resolving those issues on the ground in the interests of the people of Northern Ireland, and that is what I hope we can all focus on.

**Q14 Mr Jones:** In your letter to Mr Šefčovič, you said, "Across all political parties, civic society and business organisations in Northern Ireland there was a sense of shock and anger", and you expanded on that point in your answer just now. What are you doing to try to allay the concerns of the people of Northern Ireland, and businesses and civic society there? I would have thought, as you pointed out in your letter to the Commissioner, that they must be extremely concerned not only about the stability of the protocol, but its impact on the Belfast Good Friday agreement.

**Michael Gove:** You are absolutely right. In the run-up to the end of the transition period and thereafter, I and other Government Departments have been constantly in touch with businesses and political representatives in Northern Ireland to ensure the smoothest possible operation of the protocol and the lightest possible impact on their lives and livelihoods. Businesses, individuals and political representatives in Northern Ireland have brought to our attention issues large and small that need to be resolved. These are all issues that I believe can be resolved pragmatically, and we have shared that analysis with the Commission. To take a case in point, I believe it does not threaten the integrity of the EU single market to have bulbs ordered from a wholesaler in Scotland or England that will then be planted in a garden in Belfast or Ballymena.

We need to be pragmatic and practical about this. One of the points that I have made is that if people put a particular type of integrationist theology ahead of the interests of the people of Northern Ireland, they are not





serving the cause of peace and progress in Northern Ireland, and that is my principal and overriding concern. There are very good people in the European Union's institutions and architecture who take these issues incredibly seriously, and I want to continue to work with them to make sure that we can resolve them, because it is my aim to make sure that people in Northern Ireland can go about their daily lives with the absolute minimum of dislocation or interference.

- Q15 **Mr Jones:** There may well be people in the EU who take these matters very seriously, but quite clearly there are also a large number of people involved in the drawing up of this regulation who were not taking it so seriously. You have made the point that annex 7 sets a pretty high bar before the procedure is triggered. Why would you say the EU was so quick off the mark—so trigger-happy—to initiate this process without going through the very detailed requirements of annex 7?

**Michael Gove:** I can only speculate, but I would say two things. The first is that the speed with which some in the Commission acted took people in the Commission and others, not least in Ireland, by surprise. One of the things, if I may say so, that the Commission probably owes its member states is a fuller explanation of why it acted in the way that it did. As we know, one of the challenges—for some, including myself—about the way in which the EU operates overall is that agreement in the Council of Ministers and the operation of the Commission are not perhaps as transparent as our own institutions are. That is their sovereign choice; we have to respect that. But as I say, any of us can speculate as to why the Commission acted as it did. Whatever its reasons, the consequences were undoubtedly damaging for the smooth operation of the protocol. As I mentioned earlier, they had an adverse impact on trust in Northern Ireland.

- Q16 **Mr Jones:** In fact, will it not be a case in future of once bitten, twice shy? Isn't the UK going to be extremely careful about accepting assurances from the European Union, given that it has, within a month of the end of the transition period, triggered what was regarded as the nuclear option?

**Michael Gove:** Yes, I absolutely take your point, but the Commission has acknowledged that it made a mistake. Of course, it was relatively rapid in doing so. EU figures, not least Vice-President Šefčovič, were very gracious in acknowledging the nature of that mistake. It is important now that the appropriate lessons be learned, and I am sure they will be. I am sure that the Commission and the EU will work hard to deal with these concerns on the ground, because the people of Northern Ireland have heard a succession of EU leaders talk during the process of our departure from the European Union about the vital importance of safeguarding the Belfast Good Friday agreement. People in Northern Ireland will expect the EU to continue in that same spirit, and that the events that you allude to be recognised as a mistake on which action is required in order to repair trust.

- Q17 **Mr Jones:** Yes, and on 2 February, you wrote a letter to Vice-President Šefčovič, which, by your scrupulously polite standards, was extremely forthright. You said that "rapid action" was required. You also said, "We



## HOUSE OF COMMONS

are both well aware that there are a number of pressing problems with the operation of the Protocol that need to be addressed and we must do so this week." That was last week. Have those problems been resolved in the week that you gave Vice-President Šefčovič?

**Michael Gove:** Progress is being made, but we are far from resolving all those problems. We had a good and productive conversation with Vice-President Šefčovič and the First Minister and Deputy First Minister of Northern Ireland. Both the First Minister and the Deputy First Minister spoke privately and candidly about the challenges that people in Northern Ireland face on the ground. I have been talking not only to the parties in Northern Ireland, but to representatives of the Irish Government at ministerial level. Even as we speak, Cabinet Office teams have been in discussion with the Commission, as a prelude to Vice-President Šefčovič coming to the UK this Thursday for more conversations. I would like to ensure that we can accelerate that progress. It has not been as fast as I would like, but I recognise that the Commission has its own processes. I respect the integrity of those, and I respect the desire of Vice-President Šefčovič to make progress.

Q18 **Mr Jones:** Article 16, of course, operates for the benefit of both parties, and the Government have made it clear that, if absolutely necessary, they will trigger the article 16 procedure, presumably observing the schedule set out in annex 7, unlike the European Union. Does that remain the case? If so, what would you propose to do pursuant to the terms of article 16?

**Michael Gove:** We hope that we will be able to resolve all the issues on the ground without recourse to article 16, but as the Prime Minister has stated, should it be required, it exists precisely for the purposes that you mention.

Q19 **Mr Jones:** What action would you take? Of course, article 16 is not specific as to the remedies available to the aggrieved party.

**Michael Gove:** To return to the letter that I wrote to Vice-President Šefčovič and the other comments I made in the House of Commons, what I want is to find practical solutions to some of the challenges that we face. Those challenges, as I have listed, relate to the ability of people in Northern Ireland to have access to goods, and for there to be as little impact as possible on how they conduct their business and live their lives. We must ensure we resolve those problems, whether they are with the provision of plants and seeds to household gardeners or the effective supply of goods to supermarket and shop shelves in Northern Ireland.

Q20 **Mr Jones:** Of course, the implementing regulation remains in place. Looking at the list of exemptions to that regulation, it is perfectly apparent that it was aimed specifically at the United Kingdom, in what might be described charitably as a vindictive action. What steps are the Government taking to ensure that that regulation actually disappears and is no longer in place?



## HOUSE OF COMMONS

**Michael Gove:** You are absolutely right that the implementing regulation remains in place. We do not believe that is wise or in the EU's interests. You are absolutely right that even though the EU said it would not invoke article 16 on this occasion, it has not given a solemn and binding undertaking never to do so.

The Pandora's box has been opened. That is concerning. A former UK Foreign Secretary, Ernest Bevin, said, "If you open that Pandora's box, who knows what Trojan horses will come out?". One consequence of opening that Pandora's box has been the unfortunate effects that you listed and we referred to on the ground in Northern Ireland. With respect to the implementing regulation, the Prime Minister discussed with the President of the Commission, Ursula von der Leyen, the impact of the implementing regulation. He received firm and clear assurances that there would be no disruption of supply of vaccines to the United Kingdom, and that contracts properly, freely, and legally entered into would be respected. I am grateful for those assurances, but as you say, still having that implementing regulation in place is not something that I think anyone can contemplate with serene equanimity.

Q21 **Mr Jones:** Indeed. Far better than having the regulation in place would be an undertaking from the European Union immediately to revoke it.

**Michael Gove:** Again, it would be better had that implementing regulation not been produced. It would be better if it left, but of course both the UK and the EU are sovereign equals. The EU will make its own decisions. Others will draw their own conclusions.

Q22 **Mr Jones:** But doesn't the continued existence of that regulation only increase bad blood between the UK and the European Union, and is it not the case that our future relations will be coloured by the experiences of the last weekend of January? You quoted Ernest Bevin. Is there not another well known saying: "Fool me once, shame on you; fool me twice, shame on me"?

**Michael Gove:** I absolutely take your point. I would say, first, that the action—particularly the invocation of article 16—was acknowledged by the Commission to be a mistake. I personally believe that the bringing forward of the implementing regulation was an error. Personally, I wanted to ensure that we have as good a relationship with our friends and neighbours in Europe as possible. That means understanding when errors are made, and a desire to work constructively together. I think you are right that it is important that the nature of this error be well understood, and the feelings of people in the United Kingdom and Northern Ireland be well understood. Part of my role is calmly but firmly to spell out what the consequences of these actions are, and to allow our friends to reflect on that. Taking a couple of steps back, I hope you can see how much I deprecate the implementing regulation having been produced, but I also believe that there are good reasons for us to want a good, strong trading and friendship relationship with our friends in Europe. I hope that appropriate lessons can be learned.



**Mr Jones:** Thank you.

Q23 **Chair:** Some people may say, "With friends like this, who needs enemies?". The reality is that it was a vindictive act, as Mr Jones has just said, and I did ask you last week if you had raised the question of revoking the regulation with Mr Šefčovič the day after the session in the House of Commons. Did you ask him, and what was his response?

**Michael Gove:** No, I specifically did not ask Mr Šefčovič in our meeting for that. Our meeting was primarily to look at, and to allow him to understand, what the practical issues on the ground in Northern Ireland were. We had, I think, around 45 minutes of conversation; but I will have the opportunity to go into greater detail with Vice-President Šefčovič during our meeting later this week.

It is also the case, of course, that the Prime Minister made very clear, again in a private conversation with President von der Leyen, how one felt—how we felt—about that decision. The broader thing is—I am sure some people in the Commission wouldn't agree with this; maybe I am a bit over-optimistic—that I think it is possible for lessons to be learned, and for relationships to be put on a better footing for the future. I very much want us to have a good, cordial and constructive relationship with the European Union and its member states, and for the appropriate lessons to be learned, but it is also important that we look to see how the damage that was done can be repaired. It is important that actions be taken rapidly, but for someone in my position, and of my persuasion, it is also important that we show understanding as well as firmness.

Q24 **Chair:** I would add just one further point. Many people, quite rightly, have great confidence in the Prime Minister in terms of seeking assurances, but the reality is that when it comes to a regulation in the hands of the European Commission which they have made themselves quite deliberately, some may think that you are being rather generous to them, and that in fact it would be a good idea for you to ask them to revoke the regulation when you see Maroš Šefčovič at the end of this week, or the beginning of next week. Would you like to do that? Would you be prepared to do it?

**Michael Gove:** I will certainly ask the Prime Minister what the right approach is, given the strong views expressed by members of this Committee. Also, and I do not mean this in anything other than a sincere way, I will be glad to communicate to the Commission that members of this Committee think that I am a bit of a softy when it comes to dealing with the EU.

**Chair:** That's very kind of you. Richard Drax, please.

Q25 **Richard Drax:** Good afternoon, Chancellor, and to your colleagues. Before I move on to the Northern Ireland protocol and law making, can I ask you, Chancellor, do you think that the protocol is working? Do you think it is fit for purpose for the next five, 10, 20 years?



## HOUSE OF COMMONS

**Michael Gove:** It is not working at the moment; it can be made to work. The ultimate decision on whether or not it survives is with the people of Northern Ireland.

Q26 **Richard Drax:** Can you explain further for our listeners exactly what that means?

**Michael Gove:** Yes. I think that, as my letter to Maroš Šefčovič pointed out and, to be fair, as lots of media commentary has pointed out, there are disruptions and difficulties faced by Northern Ireland citizens in their daily lives that need to be resolved. They can be resolved within the context of the protocol; we do not need to ditch it in order to resolve those issues, but as the Prime Minister has spelt out, if we cannot make progress in resolving those issues, the UK Government has to reserve its rights.

Q27 **Richard Drax:** On that point, I am sure you appreciate that there is a lot of anger in Northern Ireland about the protocol, not least over the Irish Sea and the border there, the various imports and exports, and all the other problems they are having, quite apart from what Mr Jones was talking about. Are they really seriously resolvable, because personally I cannot see—the EU being as it is, and as we have many years of not particularly helpful experience with this organisation—that they are ever going to change their position on this?

**Michael Gove:** I think these issues are resolvable. It is the case that the flexibility exists to resolve them. The very fact of having a Joint Committee is an acknowledgement on the EU's part and indeed on ours that we need to make sure that the operation of the protocol is kept under review and that we refine it in the interests of the people of Northern Ireland. So it is possible—absolutely—to resolve these issues. It remains to be seen, of course, if we can do so. I hope we can.

Q28 **Richard Drax:** Do you think you will keep the United Kingdom together, or is this a major threat, as some would say, to the future of the United Kingdom? I ask that because, if you recall Chancellor, you and I and many others worked to take the UK out of the EU as one single country. In that regard, we have failed, have we not?

**Michael Gove:** No, I don't believe so. I think it is the case that the United Kingdom's constitutional, territorial and political integrity is unaffected. I think it is the case that Northern Ireland remains firmly, and the protocol underlines this, within the customs territory of the UK. There are UK laws and UK institutions that are responsible for the welfare and protection of the citizens of Northern Ireland. An approach was taken in the run-up to the conclusion of the withdrawal agreement that the UK would seek, using its own institutions and processes, to play its part in helping to safeguard the EU's single market, because Northern Ireland was the one part of the UK with a land border with the EU. Our approach has always been to be generous and thoughtful in making sure that we can be good neighbours, consistent with our own territorial integrity, but as you quite rightly point out, people in Northern Ireland want to see the UK Government resolving these issues. They want, first of all, to see them being resolved in partnership with the EU, but they want to see them resolved.



Q29 **Richard Drax:** Moving on to the law, at what stage in this law-making process would you expect the EU to inform the UK of any forthcoming legislation that it might consider to be within the scope of the protocol?

**Michael Gove:** I would expect that anything to do with the protocol should be resolved through the Joint Committee. That goes back to David Jones' excellent point about the operation of the protocol. If there are issues, they should be resolved through the Joint Committee. The Joint Committee exists because there will inevitably be issues that are required to be resolved, and there is a means for doing so. The principle is that the Joint Committee looks at those issues and time is taken to seek to resolve them. It is only if they cannot be resolved in the Joint Committee or through conversation that other steps can be contemplated by either side.

Q30 **Richard Drax:** So in regard to how the Government monitor, assess and seek to influence such legislation, your answer would be through the Joint Committee?

**Michael Gove:** Yes.

Q31 **Richard Drax:** The Joint Committee, of which you are a part, went away and came back with a law that none of us had heard of or had taken part in. How do you see the future transparency of that committee?

**Michael Gove:** As I mentioned earlier, for every aspect of what the Joint Committee agrees, the agenda is shared with Parliament, and of course, Parliament can choose and retains the sovereign right—indeed, Sir Bill's amendment to the legislation taking us out of the EU reaffirmed that sovereign right—to legislate in our own interests when we consider that to be appropriate. That ultimate power is there. The debate surrounding the United Kingdom Internal Market Bill reinforced that. Wherever possible, we want to achieve things through agreement, but the UK Parliament is sovereign—that was a consequence of our withdrawal from the EU—and it remains so.

Q32 **Richard Drax:** What role does the UK mission to the European Union have in advancing the UK's interests in respect of draft law applicable under the Northern Ireland protocol?

**Michael Gove:** The UK mission is led by an excellent diplomat, Lindsay Croisdale-Appleby, who was one of David Frost's deputies in negotiating the trade and co-operation agreement. The mission and the skilled team there do their very best to ensure that UK interests are well understood by the Commission and other EU institutions. I will ask my colleague Jess Glover to say a little more about how the UK mission operates to safeguard our interests.

**Jessica Glover:** As you say, CDL, Lindsay, who has very long experience working on EU matters and who was most recently was involved in supporting David Frost in the negotiations, is now head of our mission there. He is firmly established in Brussels, and he is working tirelessly, day in, day out, to ensure that we have in place the relationships that we will need as non-EU members to understand and follow what is happening in



## HOUSE OF COMMONS

the EU, and to understand what may or may not relate to the UK's interests as the EU's plans are developed.

Of course, we also have a very, very well established network of FCDO posts across the EU27 member states whose job is also to understand what those member states are up to, if you like, in terms of developments within the EU. That is another way to track and follow what is going on there.

**Q33 Richard Drax:** Finally from me, what will be the respective roles of the UK Government and the Northern Ireland Executive, particularly when draft EU legislation applicable under the protocol concerns matters of both reserved and devolved competence?

**Michael Gove:** As the Committee knows, when new legislation comes forward, it is up to the Northern Ireland Executive to take their own view, but we work with the Northern Ireland Executive to make sure that, whether matters are devolved or reserved, as you quite rightly point out, we can have an accepted common position. Again, I might ask Brendan Threlfall to say a little more about the role of the NIE in this matter.

**Brendan Threlfall:** In areas where there is a mixture of reserved and devolved competence, that can generally be handled in different ways. Sometimes we would take the relevant statutory instrument through Westminster; on other occasions, the Assembly is able to legislate where there are reserved issues and the Northern Ireland Act allows the Assembly to legislate with the Secretary of State's consent. There are different mechanisms for doing that. Certainly, in relation to any relevant legislation we were aware of, we would engage very closely with the Executive. The Executive attend specialised committee meetings at official level and Joint Committee meetings on the protocol at ministerial level, so they are very closely plugged in to the structures.

**Q34 Anne Marie Morris:** Chancellor, you have already explained to us that it is the Prime Minister who will ultimately decide who is our representative on the Partnership Council. You will appreciate that, until that appointment is made, the council cannot meet. That seems to me to be a very unhappy state of affairs. What is stopping the Prime Minister making that appointment? Is it going to be you?

**Michael Gove:** Nothing is stopping the Prime Minister making that appointment. It is his decision, and whatever decision the Prime Minister makes will always be the right one.

**Q35 Anne Marie Morris:** So you have not been approached with regard to your willingness to take this role?

**Michael Gove:** I will always do whatever the Prime Minister asks me to do, but it is his decision. The co-chair has to be a Minister, but it can be any Minister, and there are many other very skilled Ministers who could do the job significantly better than I could.

**Q36 Anne Marie Morris:** You say that there is nothing stopping the Prime Minister making his decision and making this announcement, but you



## HOUSE OF COMMONS

have not really explained why he has not or when we can have an answer. It seems to me that if there is nothing stopping him, we should have the answer tomorrow, surely.

**Michael Gove:** It is above my pay grade. The Prime Minister makes decisions and I do what he tells me. It is not the other way round.

Q37 **Anne Marie Morris:** I think from that, Chancellor, this is still a question that remains unanswered, which is a shame.

**Michael Gove:** Indeed, but it is the Prime Minister's prerogative, and quite right too.

**Chair:** I have no doubt that the Prime Minister will be extremely robust.

Q38 **Allan Dorans:** Chancellor, the trade and co-operation agreement will cease to apply on 28 February if the EU has not completed its ratification procedures by that date. Do you expect the EU to request an extension? Would the Government support such an extension and for how long?

**Michael Gove:** No, I do not believe that the EU will request an extension.

Q39 **Allan Dorans:** And if they do?

**Michael Gove:** I would be very surprised if they did, and it would not just be my eyebrows that were raised. As I think reflects the sentiment of this Committee, the UK has been assiduous in living up to its obligations under the withdrawal agreement and the trade and co-operation agreement. I am sure the EU will as well.

Q40 **Allan Dorans:** Would an extension be acceptable to you?

**Michael Gove:** I quoted Ernie Bevin earlier about Trojan horses and Pandora's boxes. Let me quote another great parliamentarian, Willie Whitelaw: the great thing about bridges is that one should not cross them until one has to.

**Chair:** One might add that it was the Furies that came out of Pandora's box, if I recall correctly, so who knows what may come next.

Q41 **Craig Mackinlay:** Chancellor, can we have a bit of a discussion about the UK trader scheme—the scheme by which all thought it would be very easy to transport goods from the mainland to Northern Ireland? I think the PM said many times, "Scrap the paperwork. You won't need any. It will all be very, very simple."

There are really three groups. There are those who got themselves into gear before the end of the transition period, who can self-certify that there is no risk of leakage into the EU single market. Then there are those who will be applying after the end of the transition period, who have a four-month grace period of fairly easy procedures. Then there are those who, at the end of February, have not yet applied and will not be able to get their certification for a further month.

What are the numbers involved? I would have thought that you have a stratification of the big boys who keep themselves abreast of all these





## HOUSE OF COMMONS

things, and the smaller and occasional traders who may not quite have got themselves into gear yet. Have you got a feel for those numbers yet?

**Michael Gove:** I do, but a person who has a much greater command of them is my colleague Emma Churchill, who has been involved in setting up the trader support service. I think it is the case that more than 11,000 businesses are registered with it, but I will hand over to Emma and Jess in a second. One thing I should say, though, is that there was some speculation in the media over the weekend—I understand that it was in *The Observer* newspaper—about trade flows more broadly with European Union, and there was a suggestion that somehow exports had fallen by 68%. I'm afraid that that figure was erroneous, and it was based on a partial survey. Truer figures were published on the Cabinet Office website, and indeed the Port of Dover today confirmed that the level of traffic is north of 90% of what we would expect at this time of year, even though, of course, traders have to take covid tests.

I think it is important to put that in context, because you are right: there are issues that traders face both in exporting to the EU and in moving goods within the United Kingdom. That contextualisation is important, but I will hand over to Emma and Jess to say a little more about the specific question, because I think that your division into three is absolutely right.

**Emma Churchill:** I will say something in addition to what you have just said about GB-EU flows, and then I will let Jess come back with some of the specifics on Northern Ireland businesses and GB businesses trading into Northern Ireland. In spite of some of the reports in the media, trade flows have in fact held up exceptionally well since the end of the transition period. They were low at the beginning of January, but they have been increasing very significantly. For February, to date indeed, the total outbound across all our ports is 98% of the equivalent last year and for inbound it is 99% of the equivalent last year.

Although I think the categories that you set out, in terms of businesses that were fully prepared for the end of the transition period and businesses that are just now preparing and therefore starting to trade, apply equally across GB-EU trade as well as specifically trade into Northern Ireland, it is important to say that those trade flows are absolutely at their normal levels as we start February. Reports to the contrary are incorrect, but I will let Jess give you some specific figures in relation to Northern Ireland business.

**Jessica Glover:** I think the categories that the member of the Committee outlined in terms of those who were ready, those who are now getting ready and those who still have a bit of a job to do to be ready, are absolutely right, and the Government are doing everything that they can to support businesses in getting up the learning curve as quickly as possible. For example, CDL has a weekly meeting called the Brexit business taskforce, which is designed to engage businesses on these very questions of how to get ready for the new arrangements with the EU; there are multiple helplines; there is a gov.uk service where you can sign



## HOUSE OF COMMONS

up and register yourself, and get alerts to anything that affects you—there are all sorts of things in place.

Specifically regarding GB to NI trade movements, we now have over 25,000 businesses registered for the trader support scheme. When we were preparing this scheme in the autumn, our ambition was to have 12,000 registered, so we are very pleased with that uptake, but we would really urge any business who trades in Northern Ireland who is listening to this also to register for the trader support scheme, which is there to facilitate and make those processes easier.

The other thing I want to highlight is that GB to NI trade flows are back to normal, and indeed are slightly higher now than they were in the equivalent week last year. We are not seeing disruptions in trade flows on that route, which is again testimony to the really good work that many businesses, I know, have done to get themselves ready for those arrangements. That is not to say that everybody is up at the top of the learning curve right now.

- Q42 **Craig Mackinlay:** Can I examine another aspect of all this? It will be very much dependent on how complicated the widget that you are trying to produce is, or what the EU external tariff rate is likely to be, but I am hearing some reports of some companies just thinking, “Well, I won’t bother with the UK trader scheme, because it’s all too complicated. I’ve got to maintain rules of origin with the make-up of the widget I’m making for five years, which is a fairly long period to maintaining this type of record.” Some are just saying, “I’m not worried. I’ll suffer the tariff. I’ll treat myself as if I’m a completely non-EU, non-part of the withdrawal agreement trader, and will just suffer the tariffs so I don’t have to keep the five years of records or worry about my rules of origin.” What do you think the levels of those are?

I find it very worrying that a GB to NI trader, as part of the United Kingdom, would be thinking along those terms, but I am also worried that those who export to what we call the traditional continent of Europe are going along that line of thinking as well. Any thoughts on that? As I say, it will be different, depending on what the tariff level is and the complexity of the make-up of the good that you are making.

**Michael Gove:** You are absolutely right, Craig, that rules of origin questions are among those that have cropped up most frequently since the TCA, and you are right that there are one or two companies—I think those that are trading with the EU—that have thought that, rather than provide particulars to satisfy the rules of origin requirements, they will just take it on the nose. But I think the situation is very different in the transfer of goods to Northern Ireland. I’ll hand over to Jess.

**Jessica Glover:** That is exactly the distinction that I would have made, CDL. Between the EU and the UK, in order to qualify for those zero tariffs, you do indeed need to comply with the rules of origin. That is a new bit of process that companies are having to get used to, but it is there for a reason, which is to protect EU and UK companies from, for example,



imports from other countries that are not part of that agreement coming through and benefiting from those zero tariffs when they should not and ought not to—so cheap products from another country further away benefiting from those zero tariffs when they are not actually eligible. It is to stop goods from other countries pretending to come from the UK or the EU. That paperwork is indeed there, and some companies, particularly where the tariffs are very small—if a tariff is only a very marginal part of your overall cost base—may well take the decision that it is better to pay the tariff than it is to fill in the paperwork. Those are individual commercial decisions that I would not want to comment on.

As far as Northern Ireland is concerned, that is a very different picture. There are no tariffs applicable on goods moving from GB to NI, and no tariffs applicable on goods moving from NI into the EU, so that is a very different picture, where rules of origin do not come into the equation in the same way.

- Q43 **Craig Mackinlay:** Finally from me, there are lots of stories—I think they are true, from what I have read—about supermarkets being concerned about these short-term derogations, particularly on meat products. Let's talk about pork pies and Scotch eggs—very much a part of UK fare. They are concerned about the end of this transitional period. What is going to happen? I know you wrote last week as part of your letter to Šefčovič that these things should be extended for a further couple of years. I am not entirely sure that putting off inevitables is always a great solution but where is all this going to settle? The alternative will be that Sainsbury's and Morrisons in Northern Ireland will perhaps look to source their products from the Republic because it is that much easier. It has always been the stuff of madness to me. I don't believe there are Sainsbury's stores in the Republic, so when you have got something badged "Sainsbury's" in Northern Ireland that has come from the mainland, the prospect of leakage seems very low. I would think that that is what trading standards officers are there for in any part of the EU, whether it be the Republic or France.

**Michael Gove:** That is a very good point. The first thing I should say, only half in jest, is that I have to be careful talking about Scotch eggs, because I often get into trouble when dilating on that particular subject. But the serious point that you raise is twofold. First, there are P&R restrictions on chilled meat entering the EU single market. We have a derogation, or a grace period, for a while in Northern Ireland, but we need to get to a more stable solution; you are absolutely right about that.

Then there is a separate but related issue about the supermarkets in particular and other traders and their capacity to make sure that they are ready to meet EHC requirements. It is the case that supermarkets, with the help of the trader support service and outside equities such as that provided by Mr Shanker Singham, are moving quickly to integrate that into their systems so that there is no problem getting the goods that folk enjoy in Northern Ireland from the UK. Again, some supermarkets have been faster than others in making that adjustment, but one of the things that we have said—you are quite right—in the letter that we have sent to



## HOUSE OF COMMONS

the Commission is that if we are all collectively serious about the protocol having the least impact on the people of Northern Ireland, then we need time to adjust, to make sure that we have a stable and sustainable approach on both those issues.

- Q44 **Craig Mackinlay:** Am I to take it—this was raised by a colleague earlier—that you have had absolutely zero response from Mr Šefčovič to your letter of last week? I think Mr Jones said that you had asked for something within the next week, and we are now two weeks on, with the letter unanswered, it would seem.

**Michael Gove:** We are now almost two weeks on from the EU's decision to publish its implementing regulation. We are just about a week on from my letter. I am not trying to quibble; I agree with you about the need for urgency. We have had good conversations so far with the Commission, but we need to see joint action, and that is what I am hoping we will be able to secure on Thursday.

**Craig Mackinlay:** Isn't it rather odd that the advice from HMRC to some traders seems to be, "Well, that trade has just ceased and shall not continue, because there is no means of solving this"? I am sure colleagues will extrapolate on that. I pass on to Mr Fysh.

**Chair:** Marcus, would you be kind enough to take questions 11, 12 and 16 in one go? Otherwise, we might run a little tight on time.

- Q45 **Mr Fysh:** Yes. Chancellor, in its guidance on the six-month grace period for chilled meat products, the Government said it "will continue to explore permanent reciprocal arrangements" to enable this trade to continue. How confident are you that such arrangements will be in place by 1 July 2021 if the EU doesn't agree to extend its grace period?

**Michael Gove:** I wouldn't want to make predictions at this stage, but you are absolutely right that it is our aim to make sure that we can have a stable and sustainable solution, as I mentioned in response to Craig.

- Q46 **Mr Fysh:** So what sort of reciprocity is being mooted?

**Michael Gove:** Again, I wouldn't want to say more at this stage because we are sharing some ideas with the Commission. If we can get purchase on those, I will come back to this Committee or to the House to explain our approach, but at the moment, it is in the nature of the discussion that I want to give the Commission time to digest—no pun intended—the approach that we propose to take.

The approach overall is similar, although very far from identical, to the position that Lord Frost took during the negotiations on the TCA. We always seek to keep Parliament updated, but we also respect the fact that when two partners have discussions on trade or regulatory issues, those conversations might sometimes proceed best through confidential dialogue. At an appropriate moment, when a decision needs to be taken and approved by the House of Commons or others, we can let people know what that is, but the overall direction of travel is as I have outlined. We want to try to get to a sustainable long-term arrangement.



Q47 **Mr Fysh:** Will customs declarations be required for parcels sent from GB to Northern Ireland from April of this year? Or will the current temporary arrangements be extended to 1 January 2023, as you have asked for in your letter?

**Michael Gove:** I hope that we can extend them. I might bring in Brendan Threlfall again. Brendan and his team have been talking to the Commission about some of these questions. I won't ask Brendan to go into detail on the nature of the conversations for the reasons that I have just outlined, but he can tell us a bit more about the background and the context, I hope.

**Brendan Threlfall:** As you say, CDL, on parcels, our proposal is that you wouldn't need a declaration for business-to-consumer parcels, and that those arrangements should be extended to 2023 while we work on a light-touch, longer-term approach. We also want to address some of the barriers, although there is that customs declaration waiver in place already until April.

On the regulatory side, we have seen that causing some issues for parcel deliveries to consumers. The CDL gave the example of the delivery of seeds and bulbs. We also want to tackle that issue in the immediate term, as well as the wider proposal to extend the grace period till 2023.

Q48 **Mr Fysh:** I understand that there are different types of easements that you are seeking on rules of origin and that kind of thing. What is your plan for engaging with businesses to make sure that they have enough time to get ready for any eventuality, and how has your engagement been with them up until this point?

**Michael Gove:** As I think I mentioned, every week something called the Brexit business taskforce meets. Every week, there are business representative organisations on it. It cannot cover every business, but we try to have as comprehensive a view as possible. As well as the CBI, we also make sure that the IOD, the Federation of Small Businesses, the British Chambers of Commerce and others are involved. Every week, we look at a different aspect of UK business. One week, we will have representatives from the food and drink sector, which will include organisations such as the Food and Drink Federation but also, at our insistence, individual companies on the frontline. The views of business representative organisations are important, but as you will appreciate, Marcus, it is even more important to hear from individual companies about what is going well and what is going less well.

We also look at it on a geographical basis. We have had businesses from Northern Ireland in one meeting, Scotland in another and Wales last week. We are looking at creative industries this week. Also, there is a Northern Ireland Joint Business Council, which the Secretary of State for Northern Ireland talks to. One of the points that I think was well made and well understood by this Committee is that although lots of Northern Ireland businesses were ready for the protocol, not every business in Great Britain



was as ready as they might have been. There is no one to blame but me for that, but that is something that we are acting on now.

- Q49 **Mr Fysh:** In those discussions, have you had any feedback from businesses on the implications for their trade with Northern Ireland and for Northern Ireland's trade with GB, in terms of state aid and the potential for reach back of the Northern Ireland protocol provisions into businesses operating in the UK? It seems to me that this is another area where the EU may be taking a different approach in their declarations of what their agreements with you on the Joint Committee mean.

**Michael Gove:** So far, in those meetings, I have not had any direct representation from businesses about the potential for reach back. As you say, we agreed in the Joint Committee—it is a binding process on both sides—an approach whereby the EU would have to demonstrate a real and material impact of any action that we took to provide state aid to companies operating in Great Britain. It was quite a high bar. I have not seen any evidence of the EU or the Commission resiling from that, but I would be very interested in that. But even though this issue has not been raised in any of the taskforce meetings that we have had, I know that thoughtful contributors to this debate, such as Barnabas Reynolds and others, have published material on it, which we read with interest in Government and which we are reflecting on even as we speak.

**Chair:** Good. Thank you very much. Allan Dorans, would you be kind enough to ask about settled status?

- Q50 **Allan Dorans:** Chancellor, the deadline for EEA citizens to apply for settled status in the UK is 30 June. The Government has said it will take a flexible and pragmatic approach to applications made after that date. When will you issue further guidance for caseworkers on determining whether there are reasonable grounds for a late application, and will those reasonable grounds take account of the disruption and anxiety caused by the covid pandemic? What assessment have you made of the impact that a sudden withdrawal of legal status at the end of June would have on the provision of critical health and social care services in the UK?

**Michael Gove:** Thank you, Allan. Your point about guidance for caseworkers and others is very well made. I will talk to my colleagues in the Home Office who have operational responsibility for the scheme to make sure that that occurs. The second thing is that obviously we wouldn't want to make any decisions that would impair our capacity to deal with the pandemic. Thirdly, you are absolutely right: of course some people's personal circumstances, affected by the pandemic, may have meant it was more difficult to meet that deadline than would otherwise have been the case. But the overall point that I would make is that during the immediate aftermath of the vote to leave the European Union, there was widespread agreement that there were around 3 million EU citizens in the UK; actually, we have had around 4 million applications for settled status, which is fantastic.



## HOUSE OF COMMONS

We were told by some—I remember it at the time, in the immediate aftermath—that the vote to leave the European Union would somehow be taken by EU citizens here as a signal to depart, that somehow we had become a less than warm home. I am absolutely overjoyed and delighted that there are 4 million EU citizens who have chosen to make their home in the UK and to keep their home in the UK. I think it gives the lie to some of the nonsense that was promulgated at the time of the Brexit vote—that somehow the UK was less welcoming, or that EU citizens would leave and that there would be harm to our universities, our healthcare sector and elsewhere. People have chosen to stay in unprecedented numbers and, indeed, I think the inflow of people from the EU during that period was a welcome vote of confidence in this country, its openness and its institutions.

All of us, whatever view we took of the merits of leaving the European Union, should be pleased that across the United Kingdom there are 4 million EU citizens living and working as our friends and neighbours. In so many ways, it's a great advertisement for this country. When it comes to future migration, I know that we in the UK will continue to take a generous approach, as we have shown in fulfilling, or seeking to fulfil, our obligations to our British nationals in Hong Kong who face oppression from the Beijing Government.

**Jessica Glover:** That is absolutely right. There have been 4.3 million successful applications for settled status. There are many, many people in the Home Office working on that. I do think the time available between now and 30 June for people to make their applications is really tight. It's really important that any remaining people do get on and do that.

**Michael Gove:** Yes. In fact, I can update you. According to the latest published statistics, there have been 4.9 million applications and 4.3 million grants of status, so there are more EU citizens in the UK than there are in some EU member states, which is great.

**Chair:** On the question of financial services, some people may know that Barney Reynolds, to whom you referred, has issued a pamphlet—through Politeia, as it happens—and I think the Attorney General has contributed to the launch of that today. Craig Mackinlay, would you be kind enough to ask a question relating to the issue of financial services, on which that pamphlet happens to concentrate?

Q51 **Craig Mackinlay:** The TCA had very little in the way of equivalence, acceptance or anything else regarding financial services, which are of course a very important tax earner for the UK; it is internationally recognised as one of the best places to do that type of business. There is an expectation of a memorandum of understanding, so that equivalence decisions can be progressed. That is meant to be by the end of March, which is rapidly approaching. How close are you to negotiating that? Has there been much progress on that at all, Chancellor?

**Michael Gove:** Yes is the short answer. Again, some of the issues here are governed by the EU's own autonomous processes. This is a huge issue.



First, it is fair to say, when it comes to the health of London and the UK overall as a financial services centre, some things that it was originally argued that we needed to maintain—passporting and so on—are nice-to-haves but are not absolutely integral to the success of financial services. What is truly integral to the success of financial services is the quality of the investment over many years in high-quality talent, the rule of law and associated business services. Those advantages are not eroded. Also, outside the European Union, as the Chancellor of the Exchequer has said, there are a number of things that we can do to regulate better and to make listing easier.

I have just had a note saying that I am five minutes late for an inter-ministerial group meeting. I suggest, if it is okay with the Committee, that I return at the Committee's convenience to address some of these questions, not least on financial services. In discussing financial services, it would probably be helpful to me, and certainly to the Committee, if I was joined by the Economic Secretary to the Treasury, John Glen MP, because there are aspects of the way in which the EU will decide its autonomous processes and the way in which HMT will improve the position of financial services that I think the Committee will want to look at in depth, and having more time would facilitate that.

**Q52 Chair:** I quite understand, Chancellor, in the circumstances. Do please go to your other meeting. I thank you for suggesting that you might come back, hopefully in the fairly short term, so that we can complete these questions. If it is possible for us to deal with them in writing—bearing in mind that we only today got answers to written questions that we asked on 10 December—could you accelerate the replies, unlike the previous occasion, please?

**Michael Gove:** I will absolutely accelerate the replies. I am sure my team will discuss, Sir Bill, with your Clerks and others, which other topics and themes you would like the Committee to return to, and which other Ministers or officials it would be helpful to have. As I say, I can say a wee bit about financial services, but not a huge amount. Again, if we want to—quite rightly—look at, for example, SPS checks and the impact that they are having, the Committee would benefit from having not only me but a DEFRA Minister. We will do our very best to make sure that all Departments that are necessarily accountable to you are represented in future hearings.

**Chair:** I am extremely glad to hear that last comment. Thank you very much for coming this afternoon. We will be in touch with you shortly.

**Michael Gove:** Thank you very much, Bill. I thank all members of the Committee for their hard work.