



# Select Committee on the European Union

## Services Sub-Committee

### Corrected oral evidence: The future UK-EU relationship on professional and business services

Thursday 16 July 2020

10 am

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Members present: Baroness Donaghy (The Chair); Lord Bruce of Bennachie; Lord Cavendish of Furness; Baroness Couttie; Lord Davies of Stamford; Lord McNally; Baroness Neville-Rolfe; Baroness Prashar; Lord Thomas of Cwmgiedd; Viscount Trenchard; Lord Vaux of Harrowden.

Evidence Session No. 6

Virtual Proceeding

Questions 74 - 88

### Witnesses

I: Nadhim Zahawi, Parliamentary Under-Secretary of State (Minister for Business and Industry), Department for Business, Energy, and Industrial Strategy (BEIS); Carl Creswell, Director, Professional Business Services, BEIS; Chris Hobley, Director, Trade and Investment in Services, BEIS.

## Examination of witnesses

Nadhim Zahawi, Carl Creswell and Chris Hobley.

Q74 **The Chair:** Good morning. Welcome to the EU Services Sub-Committee's final evidence session as part of its inquiry into professional and business services. Our witnesses for the session are Nadhim Zahawi MP, the Minister for Business and Industry at BEIS; Carl Creswell, Director, Professional and Business Services at BEIS; and Chris Hobley, Director, Trade and Investment in Services at BEIS. The session is being broadcast on Parliamentlive.tv. A full transcript is being taken and will be made available to you to make any corrections shortly after the session. Good morning, Minister.

**Nadhim Zahawi:** Good morning.

**The Chair:** I wonder if I could open the questioning by asking you what progress has been made in the UK-EU negotiations on services. Could you provide an overview of the main areas of convergence and divergence?

**Nadhim Zahawi:** Thank you for the opportunity to discuss these important issues with your Committee. I meet regularly with the professional and business services sector in my role as Business Minister. The sector is vibrant and healthy. We talk regularly about the priorities for the UK-EU negotiations. Our approach to the negotiations, published in February, set out our intention to secure an agreement that essentially promotes trade in services and investment in our future relationship with our EU partners.

Since then, we have held detailed discussions with the EU over four negotiating rounds. We have covered cross-border trade in services, mode 4, financial services and mutual recognition of profession qualifications, among other issues. We have held these discussions on the basis of our respective legal texts, which were exchanged in March, as you will know. Both sides have acknowledged important areas of convergence in services, for example on investment and capital movement, and agreed further progress is actually possible.

The UK continues to make the case for a high-quality outcome on financial services, mode 4 and MRPQ, as well as for a balanced agreement on data flows, which the PM spoke about. Services is an area of relative common ground in these negotiations. However, there is an important caveat. The EU has expressed concerns about aspects of the UK's proposals in certain areas, such as mode 4 and MRPQ.

In June, David Frost and Michel Barnier agreed to an intensified negotiating timetable to move talks forward. Two high-level services discussions have since taken place and we look forward to progressing technical discussions in round 5, at the end of July.

**The Chair:** Thank you very much. We will move on to more specific areas, such as mutual recognition and data adequacy. I wonder if you would like to comment on Michel Barnier's statement that the UK Government were seeking to maintain almost complete freedom of movement for short-term

stays for UK service providers. How would you respond to that?

**Nadhim Zahawi:** The UK does not agree with that assertion that our mode 4 proposals, et cetera, attempt to replicate free movement. We believe our proposals would improve the UK's level of commitment in CETA and EU-Japan, while remaining consistent with the sorts of activities found in EU precedent. With respect to MRPQ, the UK's text seeks to ensure that UK and EU service providers have a guaranteed route to recognition. Seeing as we are not seeking automatic recognition of our professionals, we do not accept the EU's mischaracterisation of this, if I can be so bold, as seeking access to the single market.

**The Chair:** The Committee agrees with you that this is a highly successful and vibrant area, but it is also invisible. A lot of representatives who came as witnesses felt that more should be said about the importance of these industries to the UK Government. On a personal note, I have noticed that you are 10 days off your one-year anniversary as Minister in the department.

**Nadhim Zahawi:** I will have a cake and I shall remember this Committee in 10 days' time.

Q75 **Baroness Couttie:** Has there been any discussion about what national reservations there might be, if any, in a future trade agreement? Are they likely to be like those in CETA, which are, as far as services are concerned, quite restrictive? If not, what else might they cover?

**Nadhim Zahawi:** Reservations to the services and investment obligations will be detailed in annexes to the main agreement. They are sometimes referred to as schedules. There are placeholder annexes in both the EU and UK proposed market access offers. As for our approach to negotiations, our document states, "The baseline for the negotiation on schedules should be both parties' best offer to date". Essentially, this refers to the best offer either party has made in comparable preferential trade agreements. The approach document specifically highlights professional and business services as an area to negotiate on beyond the baseline.

The reservation schedule offers are typically exchanged once a settled understanding of the core text has been reached. We are clearly not there yet. We are approaching this point in negotiations. In preparation for this, we have had initial discussions on respective levels of ambition on schedules with the EU. We are working with our partners in the EU to ensure sufficient time is devoted to the negotiations on the reservation schedule.

**Chris Holey:** That is right. We have had very notable discussions, but until we have reached further agreement on the core provisions themselves discussions will not proceed on anything else.

**Baroness Couttie:** Do we have a sense yet of where the EU is coming from? We have said what we have put forward, but what have they put forward as their perspective? Are they going to try to go for a CETA-type arrangement with us or are they going to show a little more flexibility,

which will obviously be to the benefit of our services sector?

**Chris Hobley:** The discussions have been very initial, at this stage. You will have heard the EU talk about the importance of parallelism in the negotiations and about how negotiations need to proceed across all the tables at a similar rate. Because of that, the discussions with the EU at this stage have been only very initial, not wishing to commit to a certain level of ambition. We will have to conclude that in short order to move into negotiations on the schedule and the reservation.

**Baroness Couttie:** Presumably, both sides see the importance of the national reservations. It is all very well having a trade agreement, but the reservations will vary significantly across each European country. If in certain key markets those significantly restrict what British services companies do, that is going to create a problem.

**Nadhim Zahawi:** That is obviously true. Where the negotiations are at, if you take a hierarchy of the level playing field, fishing and so on, I suspect in this area both sides are much closer. The EU and its practitioners stand to gain just as much as British and UK practitioners.

**Baroness Couttie:** Is that actually right? I do not know the figures on this, but I would be interested if you could expand on it. I have had a sense that, because of our global pre-eminence in things such as advertising and the creative industries, we had more to gain. In the service sectors such as accounting, where they have their own offices and have to follow the EU regulations associated with that trade in each country, it is much less of an issue.

**Nadhim Zahawi:** You are right. It depends on which part of the professional business service sector. It is not equal, which is the point you are making about whether it is digital marketing or other marketing. In an area that I was involved in before I became a Member of Parliament and a Minister, market research, the EU has a pretty substantial industry, certainly in Germany, France and elsewhere, as do we. It is much more equal in that sense.

We are a significant player in data economy. According to estimates in the 2019 European data market study, the UK captures the largest share of data market value, with a relative portion of something like 22.5% of that. This is not one-sided. They stand to gain, if not equally, significantly. This is not an area of massive gain for us and very little for them.

Q76 **Lord Vaux of Harrowden:** Thank you and good morning, Minister. I wanted to ask what the main areas of agreement and disagreement between the two sides are on the rights of establishment and investment. We have heard from a number of witnesses that, for third countries, it is generally easier for professional and business providers to operate in the EU through a commercial presence, rather than on a cross-border basis. That potentially leads us to seeing a move away from cross-border supply from the UK to companies, and businesses moving to establishing a commercial presence, which has a knock-on effect of potentially losing UK

jobs and tax revenues. It would be helpful to understand how you are seeking to mitigate that risk in the negotiations and where you currently expect to end up.

**Nadhim Zahawi:** Let me start with the first half of your question, about agreements and disagreements. There is broad convergence between us and the EU text on rights of establishment and investment. Both sides are seeking to build on the EU's recent agreements with third countries to liberalise access to investment markets and to ensure fair treatment for our investors.

For the most part, the EU's approach reflects our own. We are both proposing that the chapter covers investment in services and non-services sectors. As a sovereign nation, we are keen to ensure our robust competition regime is enshrined in our FTA commitments, making us the best place in the world to do business while, importantly, protecting our capability to respond to national and health emergencies.

On your second point about the evidence you have captured on how businesses and business providers would behave, it is important to recall that any additional EU restrictions on cross-border supply of services from third countries are likely to be limited to highly regulated industries. What does that mean? It means that not heavily regulated sectors, such as management consultancy and computing services, are unlikely to face such barriers. Even then, the approach will vary by member state and will be subject to further negotiations once schedules of reservations are exchanged between the two sides.

That said, we are seeking to mitigate any pull towards establishment in the EU generally, through a local presence obligation. This will require parties to reserve specifically where they require a local presence to supply services. We are also seeking to mitigate this specifically in sectors of importance through our financial services and legal services proposals.

**Lord Vaux of Harrowden:** Do you have any feel for what level of job and tax revenue loss we are likely to see at the end of this? Have you tried to model that?

**Nadhim Zahawi:** I would like to think that we will not. If we can get to a good agreement, we potentially have a relative advantage, which is a concept that economists apply to economies, in this area. There will be moments; there will be posturing and tensions. But if both sides show good will and we get to a deal, especially in those areas that the EU has stated publicly are still under negotiation and on which we have made our position very clear, I see this area as being potentially a really positive outcome for us. That is obviously if the negotiations move in the direction we hope they do.

**Lord Vaux of Harrowden:** On the other side of the coin, the Professional and Business Services Sector Council has raised concerns about barriers to establishment. You touched on this briefly earlier, but it talked about restrictions on corporate form, LLPs and that sort of thing, which we use a

lot, foreign investors' share of businesses, and nationality and residence requirements. Presumably that is more likely to be country by country, in the restrictions there, or are we seeing it in the broader discussions?

**Nadhim Zahawi:** The professional business services council has raised this, quite rightly, with me. Carl, do we have a view on this in the negotiations?

**Carl Creswell:** It has certainly come up in the legal services sector. We have come up with a proposal in that area. I suspect we may get into that in more depth when we turn to specific questions about the legal services sector. There are regulated parts of different member states where arrangements are in place for home title that can be beneficial for the UK. We have taken forward and are discussing with the Commission proposals that could solidify some of the benefits.

Q77 **Lord Thomas of Cwmgiedd:** I wanted to turn to the question just foreshadowed and ask you a bit more about auditing, accountancy and legal services. In your very helpful note to us at paragraph 20, you say that you have put forward a proposed solution to a specific issue regarding the ownership, management and voting rights of UK and EU audit firms. Minister, can you elaborate on those and say what the initial reaction of the Commission has been?

**Nadhim Zahawi:** We have made a pretty targeted proposal regarding the role of EU and UK auditors in one another's audit firms in the legal text. Let me summarise it for you. The proposal requires regulators in the EU and the UK to treat one another's auditors and firms equally when deciding whether an audit firm is approved to practise. If agreed, the proposal would prevent disruption to firms in both the UK and the EU, which may otherwise need to restructure their management or reallocate voting rights to comply with those rules.

The proposals would also protect UK-approved auditors who currently hold voting rights or participate in the management of a firm in the EU, and vice versa, of course. In this sense, the proposal resolves an issue that was not fully addressed in the withdrawal agreement. Negotiations on this issue are ongoing. We note that the EU has suggested that our proposal is an attempt to pick and choose elements of the single market, with Michel Barnier repeating this concern publicly both in May and again in June. We disagree and think it is a pragmatic proposal that would prevent really unnecessary disruption to EU and UK firms at the end of the transition period.

**Lord Thomas of Cwmgiedd:** Presumably, it also has the advantage, bearing in mind the multinational nature of many companies, of avoiding a gap between two subsidiaries of the same company.

**Nadhim Zahawi:** Yes, you are absolutely right.

**Lord Thomas of Cwmgiedd:** I want to come back to audit, but this question is on legal services. For some years, American or other foreign national firms have been able to practise in the EU and, obviously, much

more in the UK, advising on their own law, on international law and on things that are not caught by the professional coverage of standards. We have put forward, as I understand it, a proposal in relation to that. Could you elaborate on that and again say what the reaction has been?

**Nadhim Zahawi:** We have made a very specific proposal on legal services, namely that UK or EU lawyers who practise the law of their home jurisdiction or international law in each other's markets should be able to do so using their home professional title. This does not represent an attempt to replicate or cherry pick from the single market in legal services. We respect the right of member states to regulate their domestic legal markets.

Unlike the single market, our proposal does not touch on practice in domestic or EU law, requalification as a local lawyer or use of a local professional title. The UK and 20 member states already grant some form of home title rights for foreign and international lawyers. Our proposal would lock in this market access on a reciprocal basis. Member states that do not currently grant home title rights could get a carve-out if they were not yet able to make this commitment. Our proposal, we believe, would give the lawyers of both parties and their clients much needed clarity about their rights in future.

To date, to your question, my Lord, we have discussed this proposal with the Commission on two occasions and have tabled supporting documents. We understand that the Commission has considered the proposal and has discussed it with member states. We genuinely look forward to further discussions. There is broad convergence between us and the EU text on rights of establishment and investment, which I referred to earlier. Many law firms already operate and are established in the EU. To allow this to continue, we will pursue arrangements to secure the freest possible trade in services between us and the EU.

**Lord Thomas of Cwmgiedd:** I want to ask you about what you referred to in paragraph 6 of your very helpful evidence. You state: "Additionally, the accounting and audit sector prioritises reciprocal equivalence (and an adequacy decision for audit) as this will reduce regulatory barriers to trade". What do you mean precisely by the words "adequacy decision for audit"? Is that the reciprocal recognition of each other's standards?

**Nadhim Zahawi:** As you will know, audit equivalence means that the two jurisdictions achieve comparable outcomes in audit regulation. Adequacy enables audit regulators to share sensitive working papers. These are technical assessments sitting outside the FTA. As set out in the political declaration, the UK is currently pursuing accounting equivalence, audit equivalence and adequacy decisions through the EU's existing third-country assessment route. We are assessing the EU for equivalence and audit adequacy in parallel through the UK's domestic framework.

We responded to the Commission's questionnaire on audit equivalence and adequacy in early June. We are waiting to hear back. In the UK's assessment of the EU, in common with Treasury, we are taking an objective

and proportionate approach, in line with the commitments made in the political declaration. I think it has been reported that the assessment phase is complete. We have been able to complete our own assessments on time and we are ready to reach comprehensive findings of equivalence across financial services, once the EU has clarified its position, so we can give businesses the certainty they need.

Reciprocal equivalence and adequacy decisions, we very passionately believe, would reduce regulatory overlap and cost to regulators, to firms and, ultimately, to their clients and the economy. They will also enable continued regulatory co-operation between us and the EU. This will support really effective enforcement and supervision, which, if you break all this down, is ultimately at the heart of this, because it is in the public interest.

**Q78** **Baroness Neville-Rolfe:** Minister, it is great to see you again, and indeed your team, because Messrs Holey and Creswell helped me when I was a Minister at BEIS, as they are helping you today. I wanted to talk about the proposals on business mobility in a little more detail, to try to tease out the main areas of convergence and divergence between the Government and the Commission. Barnier has made a fairly general statement, suggesting that he feels the Government are asking for a lot in terms of free movement.

I wondered if we could start on what the Government are seeking to include in the list of accepted activities for business visitors. The definition of "business visitor" is going to be critical. What do you see in the list and what would be the practical implications for the exclusion of specific activities from that list?

**Nadhim Zahawi:** It is great to see you too. Business mobility is vital to service suppliers, with EU and UK professionals, such as lawyers and engineers, readily crossing the border for meetings or training, among other activities. We want to provide businesses across the UK and the EU with the legal certainty to continue delivering those services with as few barriers to trade as possible. Specifically, we are proposing to build on precedent, taking reciprocal commitments on short-term business visitors for the first time. We are putting a lot on the table here in that sense.

We are proposing to take commitments on contractual service suppliers and independent professionals, and then intra-corporate transferees, people moving position within the same corporation. We and the EU are convergent on large areas of the core text, where both parties have drawn from precedents such as CETA and the EU-Japan EPA. There are of course divergences, which you ask about. These revolve around the EU going below precedent on some provisions.

An example of that is the length of stay for short-term business visitors, where the EU is now proposing 90 days in a 12-month period, rather than a six-month period as per the UK text and CETA. In some areas, the UK is aiming to build on such precedents. An example is extending the length of stay for intra-corporate transferees from three to five years. It is worth underlining that both sides will benefit from a good deal on mode 4. That



is why we have been a bit disappointed at the EU's assertions that our mode 4 proposals attempt to replicate free movement. They certainly do not. Free movement will end at the end of the transition period. Our proposals are based on, and in part improve on, things the EU has already agreed in FTAs.

You ask about the practical implications of this. Agreeing a list of permitted activities, such as the one in CETA, would limit some fly-in, fly-out activities that UK and EU businesses have said are valuable. We would like to explore whether we could build on best precedent to improve the list of permitted activities for short-term business visitors. I am sorry that I cannot go into more detail at this stage. We cannot provide a running commentary on live negotiations and these are live matters at the moment.

**Baroness Neville-Rolfe:** That is extremely helpful. A comment is that it presumably works both ways. I assume that is your plan. If you could stay in France for only three years, the French, of whom there are a lot more in professional services in London than vice versa, I would have thought, would be correspondingly limited. As you say, there is a win-win.

Can I come back on fly-in, fly-out? You are quite right to prioritise that. There is a big issue for lawyers, as you will know, but there is also a big issue for people such as management consultants, as you referenced earlier. Even in the new normal of post-Covid Europe, you have to be able to travel to appear in court, create relationships and so on. This fly-in, fly-out is important. Where do you think the Commission is going to end up on this fly-in, fly-out?

**Nadhim Zahawi:** You will forgive me if I am hesitant, because these are live negotiations. I do not want to negotiate on your excellent live coverage of this Committee. Watch this space; that is the best I can give you.

**Baroness Neville-Rolfe:** Well, all power to your elbow.

Q79 **Baroness Prashar:** Good morning, Minister. My question is about visa and administrative arrangements. The majority of the witnesses have agreed on the importance of visa-free business travel between the UK and the EU. What are the Government seeking to agree with the European Union as part of the deal?

**Nadhim Zahawi:** We are willing to take comprehensive commitments on procedural facilitations and transparency measures relating to business mobility, which is what your question is really about. If you look at our legal text proposals, you will see that they are based largely on EU precedent, with some additional new provisions on visa and administrative facilitation. Our intention was to make it easier for businesses to move their employees abroad quickly to provide those services.

As an example, we are proposing that all applications for entry and temporary stay should be processed within 90 days. We are also proposing that each party to the agreement ensures there is a single portal for accessing all application forms, guidance documents and related information, to make it as easy and frictionless as possible. Such measures

will ensure that there are no unnecessary delays or administrative complications in obtaining visas.

**Baroness Prashar:** What are you actually seeking? The witnesses have told us that there are different accounts of what you are asking and what the EU is offering. Can you clarify where the differences are?

**Nadhim Zahawi:** As I have said, we think that what we have put forward is really workable. I do not know whether Chris wants to come in on the differences, but in the event that we get no agreement our domestic immigration regime will continue to apply to third-party country nationals seeking to provide services. That would include EU citizens. We think that we can do something much better for business, based on the principles I have just outlined to you.

**Chris Hobley:** To reiterate the examples that the Minister outlined earlier, if you look at the UK's legal text, you will see that our proposals have some additional processing provisions that are not currently matched in the EU's proposals. For instance, there is the proposal that all applications for entry and temporary stay should be processed within 90 days. It is an important timeline. Similarly, there is a proposal to make it easier for parties to know how to proceed by having a single portal for accessing all information, forms, guidance documents and related information. That is not mirrored in the EU text.

It is important to underline the point we were discussing beforehand. At this stage of the negotiations, with parallelism and so on, we have been comparing and explaining differences. As the Minister said, we will need to see where we end up in the subsequent negotiations. I hope that clarifies it.

**Baroness Prashar:** One of the other things the witnesses asked for was for short-term travel to be visa free. Is that likely to be the case?

**Chris Hobley:** As you will be aware, different rules apply to visas depending on each of the categories of business traveller. If you look at the provisions in the chapter, you will see that there are six different categories of traveller. For short-term business visitors, it will depend on the domestic rules in individual member states as to whether they will need to seek visas. It is important that we seek to agree mitigations and facilitations for visas, but also work permits.

**Baroness Prashar:** If there was no agreement, what sort of administrative requirements would the Government introduce for business visitors from the EU?

**Nadhim Zahawi:** As I mentioned earlier, we hope there will be an agreement. If there is no agreement, our domestic immigration regime will continue to apply to EU citizens, as it applies to third-country nationals. The new points-based system has been specifically designed with business in mind, which is a great thing, because it will send a message to the whole world that Britain is open for business as we continue to attract the

brightest and the best. You saw the announcement about the office for talent, which will be in No. 10, for great scientists and researchers to come to the UK. We will treat people from every part of the world equally, welcoming them based on the skills they have to offer and how they will contribute to our economy, not where their passport comes from.

**Q80 Lord Davies of Stamford:** I wonder if I can take you back to a question you were asked by Lord Vaux about the cost to the national economy—that is to say, the loss of revenues from the sale of professional services in the EU—if there is no agreement on mutual recognition. Are you telling the Committee that you do not actually have an estimate for that cost?

**Nadhim Zahawi:** No. We have published analysis on different scenarios, focused on the best deal possible. I am just an optimist. I think we can do a good deal.

**Lord Davies of Stamford:** We all hope that, but what will be the cost if you do not succeed in doing any kind of deal? You must have made an estimate of that.

**Nadhim Zahawi:** Yes, and I can send you what we have published in terms of our analysis.<sup>1</sup>

**Lord Davies of Stamford:** Do you not know the figure yourself? People normally know the value of what they are negotiating about.

**Nadhim Zahawi:** You are right and it is a big sector. Our (the UK's) global trade surplus in services is running at over £100 billion. We (PBS) export something like 30% of this surplus and it has remained consistently high.<sup>2</sup>

**Lord Davies of Stamford:** Do you or do you not have an estimate of what the loss will be to the national economy if we cannot reach an agreement on this matter? That is surely a fairly simple and, I would have thought, fundamental question for what you are trying to do.

**Nadhim Zahawi:** As I said, I do not have the exact number in front of me, but I am happy to send you the analysis that we have made.

**Lord Davies of Stamford:** That is disappointing; I am sorry about that. Let me move on. Supposing that you do not reach an agreement with the Commission, to what extent do you think these matters might be resolved by an agreement between professional bodies in EU member states and in the UK?

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<sup>1</sup> Following the session, BEIS added: "The previous government published [analysis](#) in 2018 (see table 4.6). This analysis does not include an assessment of the current government's preferred outcome."

<sup>2</sup> BEIS later clarified: "The UK has a global trade surplus in services of £106bn. PBS exports account for 30% of this surplus and have remained consistently high at **£33bn**. **Sources:** DIT Trade and Investment Core Statistics, valid for 2019. Original data available at: [gov.uk](#). ONS The Pink Book, Chapter 3: Trade in Services, October 2019, valid for 2018."

**Nadhim Zahawi:** We think that should continue to be considered as a way forward. We are considering this precise question at present. We do not see why the UK or EU proposals would make such bilateral or multilateral arrangements impossible. Many regulatory authorities have independent powers to make such arrangements. FTA arrangements should not affect these powers. That said, the reason we continue to consider the question is that it is so important to us.

Ensuring the independence of professional bodies to agree independent bilateral or multilateral arrangements is important to the UK. So is the maintenance of our commitments to Irish professionals under the common travel area between the UK and Ireland. Any FTA arrangement preventing parallel independent arrangements would be very problematic for us in the UK.

**Lord Davies of Stamford:** That was a very long disposition in response to my question. My question to you was to what extent, if you cannot reach an agreement with the Commission, it might be possible to find satisfactory arrangements in agreement between professional bodies in EU member states and in the UK. Is your answer to me that there is a good possibility of that, that there is little possibility of that or that there is a 50% possibility of that? Can we have a precise answer to my question?

**Nadhim Zahawi:** The precise answer is this: we are negotiating a deal that is much bigger than that at the moment. At the end of this process, I will be very happy to come before your Committee and talk you through where we have landed. It is a live negotiation. It would not be wise or appropriate for me to start parking that negotiation over here and talking about alternative routes to achieving similar outcomes over here and giving percentages for that. Forgive me, but I am not going to do that today.

**Lord Davies of Stamford:** If you failed to reach agreement with the Commission as a result of the negotiations that are now in progress, would you regard that as a great disaster or would you say to yourself, "We now go to option 2. We are going to try to negotiate with individual professional bodies"? Are you already planning that?

**Nadhim Zahawi:** First, we are in a live negotiation. I do not believe there are any great disasters. The UK professional services sector is a pretty robust lot. You will be aware that, to date, existing EU FTA precedents have delivered literally zero MRAs permitting the recognition of professional qualifications between the EU and third countries. What does that mean? It means that no third-country professionals have yet had their qualifications recognised by the EU and vice versa. It just has not happened, not with Canada or anywhere else in the world.

My absolute commitment to you, sir, is that we will focus on the negotiations. We think we can get this done. If both sides have good will and, through this intensified month of negotiations, come out at the other end, we will be in a very good place. That is our focus at the moment. That is where I am going to stay.

**Lord Davies of Stamford:** We are short of time now, are we not? It would be very interesting to us to know whether you are making preparations for the second option, if that becomes necessary, of dealing with individual professional regulatory bodies in the individual member states.

**Nadhim Zahawi:** As I said, we are straining every sinew and all our energy is going into making sure that we get a really good deal done.

**Lord Davies of Stamford:** You do not want to think about anything else while you are negotiating.

**Nadhim Zahawi:** That said, both parties also discuss what seem to be a number of shared objectives. On MRPQ, to your specific question, the stuff we have discussed includes a desire to establish mechanisms that facilitate recognition for professionals, a shared view that these should be available across a broad range of professions, and agreement that both sides need to maintain regulatory autonomy. We are in a good space, if I can describe it as such to your Committee, with the EU. We do not need to stray from that, other than to say all options are under review. We take nothing off the table.

**Lord Davies of Stamford:** You think, Mr Zahawi, we are in a good space, five months from the end of the transition period.

**Nadhim Zahawi:** Yes, I do.

**The Chair:** Minister, you have mentioned that the CETA deal has not led to any mutual recognition arrangements between professional bodies. The message we are getting from those professional bodies is that a bad deal is worse than being able to negotiate with their fellow professionals in the rest of Europe. That was a strong message that we got from all the professional bodies. I am sure, equally, you have got that message too from the professional services committee.

**Nadhim Zahawi:** We have.

Q81 **Lord McNally:** Earlier, Minister, you mentioned to Lord Thomas that you had put forward specific legal service proposals as part of the negotiation. We have heard from the Royal Society and the Bar Council their wish list for what they want to see succeed. What rights of representation, if any, are the Government seeking for UK legal professionals as part of any future UK-EU agreement?

**Nadhim Zahawi:** The UK's starting point for negotiation on legal services with the EU is precedent-based. You are going to hear that word from me over and over again in this evidence session. We have proposed that lawyers who practise the law of their home jurisdiction or international law should be able to do so based on their home title. You heard me say that before. The rights of representation before individual member state courts are determined by the regulatory rules in those member states. Rights before EU institutions and courts are the preserve of the single market, so do not form part of the UK approach to the negotiations with the EU.

**Lord McNally:** Perhaps later some of our lawyers may come back to you on that. Part of the problem is that you say you are negotiating and these are live negotiations, but there is also the worry hinted at by Lord Davies, at the end of his questions, that we are running out of time. For many of these individual professions, the devil really is in the detail. Could I put to you something that has been put to us by the Chartered Institute of Trade Mark Attorneys? Intellectual property is a big sector and something we are very good at. Yet according to its evidence, to use another overworked cliché, we are a long way from the two-way street that we would hope to see.

As things now stand, under our law and under EU law, their professionals will have the right of appearance before the British courts, but ours will not before the EU court. They believe that we should act on these details. This is the real worry. This is one profession in one sector that has a really big problem, and those kinds of details may be scattered throughout this agreement. Therefore, this broad brush—"It'll be all right on the night" — is going to leave a lot of real problems for specific sectors, such as intellectual property. Are you aware of that?

**Nadhim Zahawi:** Yes, I am. We appreciate the importance that the IP attorney profession places on this issue. The Intellectual Property Office is exploring options in relation to the rules on address for service once the transition period ends. To that end, the IPO is looking to carry out a call for views as soon as possible, to consider what options suit representatives. You raise an important point and we are very cognisant of that fact.

**Lord McNally:** They have been very active in their briefing. I was told that one option would be to amend the necessary statutory instruments to correct the imbalance and allow the profession to continue to thrive. Is that one of the options on your desk?

**Nadhim Zahawi:** As I said, the IPO is looking at various views and that is one view that has been put forward.

**Lord McNally:** I do not know whether either of your advisers wants to comment, but it is a little worrying that, with five months to go, a serious profession in an important sector raises a really fundamental issue and you say, "We are going to ask for views, ask for evidence and think about it". That really is sweaty-palm stuff, if I am working in that profession and trying to think ahead. Discuss.

**Nadhim Zahawi:** The importance of the IP sector is not lost upon us. The UK is a pretty big player in IP, as I can tell you, with my background and experience. Without repetition, the Intellectual Property Office is exploring options at the moment.

**Lord McNally:** That is part of your department.

**Nadhim Zahawi:** Yes.

**Lord McNally:** Some of my colleagues may want to come back in extra time, but over to you, Chair.

Q82 **The Chair:** It is my turn, Minister, to ask you about data adequacy. It is quite difficult to pinpoint, of the five key points, which comes top, but I would suggest that is pretty near the top. I would be interested in how you see the progress that has been made on data adequacy. What support are the Government offering to UK professionals and business services to prepare for the possibility that this decision will not be in place by December? You will probably have seen that the EU-Schrems case was announced on today. They upheld the legality of instruments used to export data out of Europe, called "standard contractual clauses", which may clarify some points. Anything you have to give us on data adequacy would be very welcome.

**Nadhim Zahawi:** As I mentioned earlier, the Prime Minister, in his statement on 3 February, confirmed that the UK intends to secure adequacy decisions from the EU in order to allow personal data to continue flowing freely from the EU and EEA to the UK. The adequacy process involves the European Commission assessing the UK's data protection frameworks to ensure that they are at least essentially equivalent to EU standards. We see this assessment process as technical and confirmatory. We have an existing data protection framework that is equivalent to the EU. Our adequacy assessment is under way. Formal talks began on 11 March, as you know, and continue in parallel to the wider negotiations. We remain confident that an adequacy agreement can be reached with the EU by the end of the transition period. To expedite this process, we have prepared a technical pack of explanatory material. This pack has been shared with the Commission and published on GOV.UK.

**The Chair:** Are the Government carrying out adequacy assessments of the regimes of EU countries? When are these assessments expected to conclude? Is this a process that would take place later in the event of an unsuccessful deal?

**Nadhim Zahawi:** Again, our focus is very much on the negotiation and the deal that we are in the middle of.

**Carl Creswell:** The focus, for us, is on the EU completing the assessment it needs to produce, coming from the starting position of our current framework being aligned with the EU. The emphasis is on the EU completing its assessment. You mentioned earlier the important point about standard contractual clauses, SCCs. You are quite right that it is a fallback in this space if needed. The Information Commissioner's Office has produced quite a lot of guidance for businesses, which they can draw on.

**The Chair:** I appreciate that this is probably difficult in the middle of negotiations but, given the importance of this area to not just professional services but practically every aspect of UK life, is there any prospect that this might be a deal before the overall deal?

**Nadhim Zahawi:** We have already legislated so that personal data for general processes can flow freely on a transitional basis, to your point about a deal before an overall deal, from the UK to 30 EEA states after the end of the transition period. We have also legislated so that personal data

for law enforcement purposes can flow on a transitional basis to the 27 member states for cross-border co-operation in law enforcement.

As legally required by UK law, we will keep our transitional adequacy arrangements under review and complete these reviews within four years of the arrangement coming into effect. We will, therefore, conduct UK adequacy assessments of the EU and EEA member states before that date. I would not want to speculate beyond that.

**Carl Creswell:** That is exactly what I was going on to say. It is dangerous to speculate about the timing for when that could be completed. It is worth stressing that this adequacy process is in parallel to the trade discussions. It is a separate process at the moment and we cannot really speculate on when it might be completed.

**The Chair:** There will be a question later about whether this will impact on FTAs between the UK and other countries.

Q83 **Lord Bruce of Bennachie:** Minister, the last time we performed together was when you proposed and I seconded the Queen's Speech in 2012. A lot has moved under the bridge since then. You have said quite a few times that you are in live negotiations. That, of course, is true, but not only are you in negotiation with the EU but you are in parallel negotiations elsewhere. I wonder how one handles this.

The UK does not have a lot of experience in trade negotiations. The EU has a great deal. There are a number of areas where the EU has very definitive views that could prejudice our ability to negotiate deals with other partners, notably the United States, or deals that we negotiated with those other partners could prejudice our ability to conclude or maintain agreements with the EU. Areas that have been identified are digital trade, which is clearly growing and becoming more important, and intellectual property, where there are a number of concerns.

Do you acknowledge these tensions and how do you deal with them? Is there a possibility that you could conclude an agreement with the EU and then subsequently negotiate a trade agreement, say with the United States, on terms that the EU did not like? Might that lead to renegotiation, renegeing or, indeed, reservations in any free trade agreement we conclude?

**Nadhim Zahawi:** Lord Bruce, it is lovely to see you again. You are quite right; the humble Address was in 2012. It feels like a long time ago.

**Lord Bruce of Bennachie:** It was a long time ago.

**Nadhim Zahawi:** A lot has happened since then.

Obviously, we have an opportunity to agree a new benchmark for professional and business services trade with the EU. At the same time, we are seeking to boost the UK services sector with deals beyond the EU, as you quite rightly mentioned. As you know, we are negotiating with the US, Japan, Australia and New Zealand. All those are already under way. We



believe we can realise opportunities for UK service suppliers consistently across these agreements.

IP, the example you mentioned, is crucial to our innovative and creative industries. The UK's regimes are consistently rated as some of the best in the world. Leaving the EU will not change that. We are confident that we can negotiate strong IP chapters without compromising the UK's domestic framework or what we are looking to agree with the EU. With digital trade, we are taking a really consistent approach across EU and rest-of-world negotiations, making similar opening pitches to all partners.

That said, we are not complacent. We continue to work closely across Whitehall and, in particular, with the Department for International Trade to monitor negotiations. We stand ready to resolve issues should they emerge. I have been in Parliament for 10 years and I spent 10 years before that observing human behaviour. I have never seen a more co-ordinated effort across government to get this right.

**Lord Bruce of Bennachie:** The difficulty we have is that it is all being done behind closed doors, for reasons that perhaps are understandable. As we get close to the deadline, many people who have to make decisions are still in the dark about what the outcomes might be. The United States is a very important partner for us, particularly in the services sector, as elsewhere. We have a very robust, megaphone approach from the White House and elsewhere in the United States which is creating tensions outside this sector. We have seen it in agriculture and other sectors, where the United States is aggressively seeking to promote its own interests and has a quite aggressive attitude towards the EU.

This is the point that I think we are concerned about. Is there is a danger that our anxiety to conclude a deal with the United States might prejudice our ability to conclude a deal in these particular areas with the EU? Many in the business sector would want to know where the centre of gravity in government thinking is. Where there is a tension between the United States wishes and the EU wishes, from a British point of view, which is going to be more valuable to us, securing a good agreement with the EU or securing an agreement with the US, which we know will prioritise US interests?

**Nadhim Zahawi:** There is a very simple answer to that. The absolute, laser-like focus is not the anxiety you refer to: "Which is it?" The focus at the heart of this is British business and what is right for the United Kingdom. We are going to negotiate hard, robustly, not anxiously, to get to that place. If you keep that front and centre in your negotiations, as the teams are doing, I think you will be able to get to the right place vis-à-vis all those negotiations. I tell you, we are pretty good at this stuff. I would not knock our teams or say we do not have the ability that the EU or other countries have.

**Lord Bruce of Bennachie:** That is good and I hope that proves to be true. As a final point, one of our witnesses, Neil Ross of techUK, has pointed out the difficulty over personal data exchanges. He said that, if we reached a

deal with the US that committed us to transferring personal data contrary to the EU practice, it would “put the ability to agree a data provision in advance with the EU into a tailspin and could severely hamper the approach”. I do not question the commitment of our negotiators, but the practicality is that, when you are negotiating with a partner that has interests and they do not coincide, something has to give.

**Nadhim Zahawi:** That goes back to my point. In any negotiation, as long as you keep your ultimate target, what you need to achieve, front and centre, which is what is right for the UK economy and UK business—in this case we are discussing the professional and business services sector—you will reach the right conclusion. That is my point. We are very alive to the issue on data that you have just mentioned. I have negotiated a few deals in my life—nothing as big as this, clearly. Nevertheless, if you keep the focus that you want to deliver what is in the best interests of British business and the UK economy, you will be able to get to a good deal and deliver on that deal. I am confident we will.

**Lord Bruce of Bennachie:** I wish you well

Q84 **Viscount Trenchard:** Good morning, Minister. My question relates to reciprocal access to public procurement markets, which is important to some of the professional and business services sectors, including architecture, engineering and advertising. It is one of the areas where the Council’s negotiating directives go beyond what the UK Government’s command paper has asked for. It seems that the European Council would like to negotiate access that goes beyond WTO requirements, which are based on the government procurement agreement. Whether we reach an FTA with the EU or not, we seem to be happy that public procurement should be dealt with under GPA. I would like to know why there is a difference in approach. Is it true that you are quite happy that public procurement access be handled under the WTO GPA rules?

**Nadhim Zahawi:** There will be a high level of access to the professional and business services sectors in the EU once the UK has joined the WTO GPA as an independent member. This is expected to be at the beginning of next year. The market access offer for services that we have made is the same as its current coverage under the EU’s GPA schedules. Reciprocal coverage will continue once the UK is a GPA party. As a result, opportunities in major professional and business services sectors, whether it is management consultancy, accounting, advertising, engineering or market research, my old industry, will continue to be advertised and open to UK service providers.

Our market access schedule was included in the GPA treaty, which was scrutinised I think in March of last year by Parliament under the Constitutional Reform and Governance Act 2010. Clearly, this is a live negotiation. In the considerations the Government are making, we have decided against negotiating a chapter on public procurement for the UK-EU future relationship. It is our intention to maintain a separate and independent regime for public procurement after the transition period. The UK’s accession to the GPA will, I think, provide UK and the EU suppliers

with that certainty required to continue to bid for public contracts in key areas of procurement in our respective markets.

**Viscount Trenchard:** Thank you for your reply. So, our view is that, although the EU wants to put this into the FTA, we would prefer to handle it separately under the GPA and our schedules. The position that way will be no different from what it is at present. For example, the representative of the advertisers told us that he was not clear that the WTO GPA would have us on an equal level to where we are now. In your view, is that a misunderstanding on his part?

**Nadhim Zahawi:** Yes.<sup>3</sup>

**Viscount Trenchard:** Would you also have a view on the general health of the WTO? The United States Government have not made very positive noises about the WTO. They have not appointed judges to its enforcement tribunals. Is it healthy? Are you worried about enforcement issues relying on the WTO GPA? Do you not think that WTO commitments tend to have less bite than bilateral ones?

**Nadhim Zahawi:** That has not been our experience to date. Actually, we are seeing now a pretty high-profile appointments process to lead the organisation, with some excellent candidates going forward, not least Dr Fox. I firmly believe that our strategy in this area is the right one. I do not know if Chris or Carl wants to add anything else. I think our logic on this is correct.

**Carl Creswell:** I have nothing to add beyond that, Minister. We are committed to the WTO and have confidence in the GPA system.

Q85 **The Chair:** Looking at the BEIS evidence to this session, in paragraphs 27 and 28, it seems extraordinarily laid back about the consequences of not reaching an agreement, just saying that it would look similar to Australia's if we cannot negotiate an outcome and that the WTO will more or less do for most things. That is not the attitude that most of the professional services that come to see us have recognised. Would you care to comment on that?

**Nadhim Zahawi:** My comment, which I think I made earlier, is that we will strain every sinew to get to a good deal with our European partners. I think, if both sides negotiate and the good will is there, we will reach a good deal. We are also aware and cognisant of the fact that, if we cannot get to a deal, as the Prime Minister has indicated, the end of the transition period is 1 January next year and we have to prepare businesses for that.

The one thing I can tell you that the Prime Minister is absolutely focused on is allowing businesses enough time to prepare. That is what we are focused on at BEIS. There is no complacency. No one is lying back, saying,

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<sup>3</sup> BEIS later indicated: "GPA membership will maintain access to Professional and Business Services, but there are some services that fall outside of the GPA (former Part B or Light Touch Regime services) such as health, social and related services; hotel and other lodging services; food serving services; and postal and courier services."

“We can just pass the time and not prepare”. What is really important, and the message I want to leave you with on this, is that we are absolutely focused on getting a deal, but we are not going to do a bad deal and accept that.

**Q86 Lord Thomas of Cwmgiedd:** I wanted to ask you about the Lugano convention and the progress being made. The other EFTA members, Switzerland, Norway and Iceland, are very keen on us joining it. How are you getting on in the negotiations with the Commission on this?

**Nadhim Zahawi:** We submitted our application to re-join the Lugano convention as an independent contracting party on 8 April. Our application is separate to broader FTA negotiations. The Lugano convention has its own application process, as set out in the convention. While the Government are keen to ensure this convention is in place as soon as possible, ideally by the end of the transition period, this is far from a given. The contracting parties will need to consider and accept the UK’s application and do so in good time. You are absolutely right to highlight, and it is incredibly helpful, that three non-EU contracting parties, Norway, Iceland and Switzerland, have made statements of support for any UK application.

**Lord Thomas of Cwmgiedd:** At the moment, there is essentially reciprocal enforcement between all these people and us. We are not dealing with a completely new state. Everything happens. We know the European judges very well. What is the problem? Is it something that is collateral to the good name of enforcing judgments? Is there something behind it?

**Nadhim Zahawi:** I would like to think not. I would like to think there is no problem. I do not like to make commitments unless I am 100% certain. At the moment, the parties have to consider and accept the application in good time.

**Lord Thomas of Cwmgiedd:** This is terribly straightforward. This is just replacing what we currently have. It involves nothing to do with trade. It involves the enforcement of obligations. Therefore, what is the problem?

**Nadhim Zahawi:** As I said, I would like to think there is no problem and we will get there, but it is far from given.

**Lord Thomas of Cwmgiedd:** Can someone not just ask the question, “What is the problem?” and see what the answer is?

**Nadhim Zahawi:** It is not a BEIS lead, as you know. It is an MoJ lead. I would like to think there is no problem and this will be in place in good time, but I cannot give you that commitment.

**Lord Thomas of Cwmgiedd:** Are your officials able to help any further, or are they similarly stuck, in that this is an MoJ problem?

**Carl Creswell:** It is not really a question of being stuck between the departments. We work very closely with the MoJ, which has been having lots of discussions with the legal profession about it. It is not within our

direct control, because we are requiring this decision from the Lugano convention. As the Minister said, we have put in an application. MoJ officials continue to keep up the pressure to try to get an answer, but there has not yet been one, so we continue to press from the perspective of, exactly as you say, the strong belief that this would be a very sensible solution. We will continue to press on it and I am sure we will update you as soon as we have an outcome we can communicate.

**Lord Thomas of Cwmgiedd:** It seems utterly extraordinary that someone does not ask the question, "What is the problem? This has nothing to do with trade or anything else. Why is there an issue?" There we are. That is probably just a comment and you are unable to help.

**Nadhim Zahawi:** As I say, hopefully there is no issue.

**Lord Thomas of Cwmgiedd:** I do not think I can take that any further.

Q87 **Lord Cavendish of Furness:** Good morning, Minister. It is good to meet you and your team. Mine is rather a catch-all question. I would like to ask what support the Government are providing or planning to provide to UK professional and business services in advance of the end of the transition period. In particular, what contingency measures would the Government take if an agreement appeared unlikely? When can these measures be expected?

**Nadhim Zahawi:** I mentioned earlier that I speak to the sector almost every fortnight. Many businesses have been preparing for EU exit since last year. However, we obviously recognise the impact the pandemic has had on their ability to prepare and plan. Businesses have been in pure survival mode since the pandemic and now look for certainty and support from us.

The PBS sector is made up of small and medium-sized businesses: 98.8% of the firms have fewer than 250 people. Many of these businesses operate only domestically, but those that trade internationally are pretty agile. Making sure SMEs are actively engaged with us and with the guidance is absolutely crucial, given that they have fewer resources at their disposal than the very large firms. Over the past year, we have significantly increased our engagement with the sector, across English regions and the devolved nations, by working with the trade associations and professional bodies. We are supporting businesses to prepare for the end of the transition period, including by issuing a regular bulletin to them, running a forum for business representative organisations, running a series of business webinars and working with some of the relevant intermediaries.

All businesses can access a simple online tool that allows them to check what changes they need to prepare for at the end of the transition period. For our audience watching this broadcast, it is on [gov.uk/transition-check](https://gov.uk/transition-check). We are also planning a comprehensive communications campaign—it has already begun—to make sure businesses are ready. The new national information campaign will, essentially, supplement our intensive programme of business engagement. That is all aimed at ensuring that

those people who need to act have all the details they need or know where to find them.

In terms of contingency measures, we have been clear that we will work hard to conclude the free trade agreement with the EU before the end of the transition period. I hope that has come across in my evidence session to you today. A deal based on our proposals would deliver benefits to the PBS sector, in terms of much greater market access and more stability in the trading environment than under WTO rules.

To your question, if a satisfactory outcome cannot be negotiated, the UK's relationship with the EU will rest on the 2019 withdrawal agreement and will look similar to that of Australia. Trade in professional and business services with the EU could continue. The UK has one of the most open economies—you know that on this Committee—to foreign service providers and investors, scoring less than the average level of restrictiveness across all OECD countries. PBS exports 28% of its work to the US without a free trade deal in place, as compared to 37%, the £35 billion I mentioned earlier, with the EU.

We can ensure we maintain our world-beating reputation in PBS by doing four things: having an effective points-based immigration system, securing a data adequacy decision, acceding to the Lugano convention we have just talked about and supporting mutual recognition agreements between the UK and EU regulators for professional qualifications. There is more work to be done. We are not there yet. We are going to walk this road together with the sector, but I am confident we will come out the other end with a dynamic sector and a dynamic British economy.

**Lord Cavendish of Furness:** I am very glad you highlighted the SME sector, which is where I have been all my adult life. All my adult life, Governments have found it very difficult to listen to the SME sector, understandably. We are busy running our businesses and do not go to all kinds of conferences morning, noon and night. Perhaps Mr Creswell could give an example of how the approach to SMEs works. Do you think there is an imaginative approach to helping the SME sector in the months ahead?

**Nadhim Zahawi:** Before Carl comes in, I wanted to say that I have been through the full cycle. I started YouGov in a garden shed and now, even through the pandemic, it is valued at over \$1 billion, employing thousands of people on four continents. I have been through literally the start-up, the scale-up, the IPO and then international trade, buying businesses in Germany, Scandinavia and everywhere else. I am very cognisant of the SME sector, especially in professional and business services.

**Carl Creswell:** SMEs are at the heart of our engagement with the PBS sector. We have set up all sorts of governance groups with the sector, which have been running for years and months. SMEs are plugged into that counsel. I know you have heard from a number of the representatives of that group. We also have quite a lot of experience from within our department of working with SMEs directly through systems such as

webinars. We know that the bulletins the Minister mentioned earlier are well received.

Last week, Ministers in my department announced a new scheme with Enterprise Nation. That is focused on how the PBS sector can directly help SMEs across the country as they look to recover from the Covid lockdown. That is a very good example of the PBS sector itself supporting SMEs, alongside the work that we do as a department.

**Q88 Lord Vaux of Harrowden:** I wanted to follow up a little on the data adequacy point, because I confess that I was slightly confused by the answers there. As I understand it, the data adequacy process is not part of the free trade agreement negotiation. In fact, it is not really a negotiation at all. It is a unilateral decision on whether the other side's data rules meet the requirements. That is the same in both directions.

But I got the impression from your answers that there is a link with the negotiations, so I have two questions. First, our own process of deciding whether the EU has data adequacy for us, in other words us giving the decision, is a unilateral thing. I think I understood from what you said that you were linking that with us receiving an adequacy decision from the other side. Was I wrong there? If I was not wrong, is there some merit in us granting our decision unilaterally in advance? It would play to the argument that we hear a lot: that data adequacy should be really straightforward and happen very easily, because we are all part of the same rules et cetera at the moment.

Secondly, one of the fears is that data adequacy, a bit like equivalence in financial services, becomes politicised and a bargaining chip in the negotiation. Again, the impression I got from your answers was that that has happened. Perhaps you would like to either dispel my fear or confirm that.

**Nadhim Zahawi:** The first part of the answer is yes, so it is independent and unilateral. I see Carl nodding away there. I would like to think that this will not be politicised and we certainly do not want that to happen. Carl, I do not know whether you want to add anything else to that.

**Carl Creswell:** No, that is right. On the other point—is it for the EU or for us to do the assessment, and should we be doing both?—as I mentioned earlier on, we need the EU to complete its own assessment. The UK, as Minister said, has legislated so that personal data can flow freely from the UK to the EEA states. The review he mentioned was one that we will need to complete, following that, by 2024.

**Lord Vaux of Harrowden:** We have, effectively, unilaterally given our decision on them, but we are waiting for them to do it on us, and we are not linking those two things.

**Carl Creswell:** That is right.

**The Chair:** I asked earlier whether there was any opportunity for this deal to take place before the overall deal. Now you have confirmed that this is separate, not linked with the overall deal, have you any indication of when

the EU might come back with its adequacy assessment and whether you could reach this deal in time for businesses to prepare?

**Nadhim Zahawi:** I do not think I can speculate on that, sorry.

**The Chair:** You will be glad to know, Minister, that this is the end of the public session. I would like to say thank you very much to you and your two officials for spending the time with us. The public evidence session has now ended and the Committee will resume its private session. Thank you very much. Good morning.