



The Rt Hon Elizabeth Truss MP  
Secretary of State for Foreign,  
Commonwealth and Development Affairs  
Foreign, Commonwealth and Development Office  
King Charles Street  
London SW1A 2AH

29 April 2022

Dear Foreign Secretary,

## **Government response to the European Affairs Committee's report, 'One year on - Trade in goods between Great Britain and the European Union'**

### ***Background***

I am writing to you regarding the Government's response to the European Affairs Committee's report, 'One year On - Trade in goods between Great Britain and the European Union'. The report was published on 16 December 2021; the response was received on 16 February 2022 and was considered by the Committee at its meeting of 5 April 2022.

Overall, the Committee was impressed by the quality of the Government's response and has asked me to express its gratitude to your department and to the Cabinet Office for addressing, in detail, many of the conclusions we drew in our report. We anticipate that the response will serve as a valuable foundation for the debate in the House, as and when this is arranged.

However, notwithstanding the high overall quality of the Government's response and in light of the lengthy backlog of Committee reports awaiting debate in the House, the Committee has decided to write to you now regarding several outstanding matters that remain unanswered or uncertain.

### ***The January 2022 changes***

As you will know, full customs controls on goods imported into Great Britain from the EU were introduced on 1 January 2022. The Committee's report asked the Government to include in its response an assessment of how businesses had adapted to the new requirements. The Government's response, submitted as it was on 16 February 2022, stated that "the new requirements have only been in force for a matter of weeks, so it is too early to assess in any detail how businesses are adapting".

- **The Committee appreciates the difficulty in judging impact so soon after the fact but, now that a further two months have passed, we ask that the**



**Government provide us with a further and more detailed update on how businesses are adapting to the new requirements.**

### ***Government support for SMEs***

We are disappointed that the Government has not accepted the Committee's recommendation to restore a version of its previous SME Brexit Support Fund, but with wider eligibility criteria (Paragraph 118 of the Committee's report). In addition, the relevant conclusion of the Committee's report said that "If the Government does not accept this recommendation, they should explain their reasoning when they respond to this report", yet the response has not done so. Instead, the response simply states, but does not explain, that the Government decided to restrict the grant to those who had not previously traded outside the EU (precisely the problem which was originally identified in the Committee's report).

- **The Committee requests a full explanation of the rationale behind the Government's decision not to adopt the Committee's recommendation to restart the SME Support Fund with wider eligibility criteria.**

### ***Further Sanitary and Phytosanitary negotiations with the EU***

While we welcome the details the Government response provides on UK-EU cooperation under the TCA to reduce barriers to trade, we are disappointed that the Government has not engaged with our recommendation to seek a further Sanitary and Phytosanitary (SPS) agreement with the EU (Paragraph 80), a point on which the Paymaster General was similarly unforthcoming when he gave evidence to the Committee on 17 November 2021. In recognition of the well-rehearsed differences between the UK and the EU in terms of SPS equivalence versus SPS alignment, the Committee's report was not prescriptive regarding the type of agreement that should be sought. It was clear, however, that without a further agreement of some sort, considerable barriers to GB-EU trade in food and animal/plant products will persist.

- **The Committee requests that the Government's response to this letter clarifies whether it is actively seeking, or is at least open to, a further agreement with the EU on SPS and, if not, to explain its reasoning for not doing so.**

### ***Customs cooperation***

The Committee welcomes that both formal and informal customs cooperation is underway between the UK and the EU, and we thank the Government for providing concrete and specific examples of this cooperation in its response to our report. However, we are disappointed that the Government has not accepted our recommendation to explore with the EU the possibility of implementing a single customs office model, like that on the Norway/Sweden border (Paragraph 93).



The response states that “no such legal frameworks exist for such integrated cooperation between the UK and the EU”. However, the legal distinction between the two borders in the context of customs cooperation is not fully explained; although Norway is a member of the European Economic Area, it is not, for example, in a customs union with the EU. Moreover, even if the TCA “does not currently provide” a legal basis for a joint customs office, we understand that the TCA is designed to evolve when new issues arise; this seems to be an obvious opportunity for such an evolution.

- **The Committee requests a further explanation as to why the Government is not exploring this mutually beneficial customs simplification, which was supported by several of the business organisations we spoke to.**

### ***The TCA’s institutional machinery***

The Government’s response provides some useful information on the activity of the relevant TCA Specialised Committees. Given the challenges that have arisen since the end of the transition period, however, we are surprised that most of these Committees have still only met once. This includes the six Specialised Committees with most relevance to this policy area (Goods; Customs Cooperation and Rules of Origin; Sanitary and Phytosanitary Measures; Technical Barriers to Trade; Road Transport; and VAT Administrative Cooperation and Recovery of Taxes). All of these have met only once, between September and December 2021.

- **Are these Committees meeting with the urgency and regularity that was hoped for when the TCA was signed?**
- **Are wider ongoing difficulties in the UK-EU relationship hampering the abilities of these Committees to resolve the practical problems that have arisen in the area of trade in goods?**

### ***Benefits to individual businesses***

The Government’s response states that “we have entered a new relationship with the EU which will contain many benefits for individual businesses”.

- **We request that the Government provides the Committee with further detail on what these benefits for individual businesses are, with specific examples.**

### ***Import controls on EU goods***

The Committee’s report also covered, at length, the preparations for the implementation of further SPS and other import controls, which were then due to be introduced from July 2022. Although the Committee retains an interest in this matter, it notes the Government’s recent decision that these controls will no longer be introduced from July 2022. We have received a



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letter on this decision from the Minister for Brexit Opportunities and Government Efficiency, Rt Hon Jacob Rees-Mogg MP, to which we intend to reply separately.

We would welcome a response to our letter within the usual ten working days.

I am copying this letter to Rt Hon James Cleverly MP, Minister for Europe and North America in the Foreign, Commonwealth and Development Office; Rt Hon Michael Ellis QC MP, Paymaster General in the Cabinet Office; Rt Hon Jacob Rees-Mogg MP, Minister for Brexit Opportunities and Government Efficiency in the Cabinet Office; Sir William Cash MP and George Wilson, Chair and Clerk of the European Scrutiny Committee in the House of Commons; Dame Meg Hillier MP and Richard Cooke, Chair and Clerk of the Public Accounts Committee in the House of Commons; Les Saunders, EU Document Scrutiny Manager in the Cabinet Office; and Adam Nutley, Scrutiny Coordinator in the Foreign, Commonwealth and Development Office.

Yours sincerely,

Lord Kinnoull  
Chair of the European Affairs Committee