

**Government response to the Sub-Committee on the Protocol on Ireland/Northern  
Ireland's report**  
**[Follow-up inquiry on the impact of the Protocol on Ireland/Northern Ireland](#)**

**26 September 2022**

1. The Government welcomes the Sub-Committee's report of 27 July on the impact of the Protocol on Ireland/Northern Ireland and is grateful to the Sub-Committee and to those who have provided evidence for the report.
2. The Government has considered the evidence, findings and recommendations carefully and its responses to the issues raised in the report are set out below. Responses have been provided to the Sub-Committee's conclusions and recommendations, grouping them as appropriate.

**The most significant negative economic impact of the Protocol has been on trade between Great Britain and Northern Ireland, upon which the Northern Ireland economy has historically been dependent. This impact has been felt in terms of increased bureaucracy, staff resources, cost, and delivery times, as well as restricting the ability of firms to respond flexibly to supply and demand. This has had some impact on product availability and cost for consumers, although we note evidence that a number of companies have been able to mitigate this impact, and are adapting to the new rules in place. (Paragraph 86)**

**The Protocol has created difficulties in relation to East-West trade across a number of sectors, including retail, manufacturing, logistics, aerospace, and agri-food, although they have not been felt consistently: some sectors such as retail have been affected more significantly, while some within the manufacturing sector have been able to take advantage of the offsetting effects of the Protocol. Furthermore, the nature of the Protocol has meant that the problems have largely arisen in relation to movement of goods from Great Britain to Northern Ireland rather than the other way round. Nevertheless, there are a number of consistent patterns. (Paragraph 87)**

**Businesses and sectors that are reliant on supply chains from Great Britain are disproportionately affected. While larger firms have proved somewhat able to adapt to the new requirements and absorb their costs, there has been a disproportionately burdensome impact on SMEs. It is also accepted across all sectors of the economy that the Government's unilateral continuation of the grace periods and derogations has significantly mitigated the full economic impact of the Protocol on East-West trade. The Government's Trader Support Service and Movement Assistance Scheme have also helped facilitate the movement of goods from Great Britain to Northern Ireland, albeit that this support is only in place on a temporary basis. (Paragraph 88)**

**In our July 2021 report, we reported on the lack of preparedness of businesses in Great Britain for the new arrangements under the Protocol, and widespread fears that businesses in Britain will withdraw from the Northern Ireland market. It is worrying that, in spite of some signs of improvement, these problems and fears largely persist. (Paragraph 89)**

***RECOMMENDATION 1: We repeat our call for the Government to take urgent action to encourage businesses in Great Britain to continue to trade with Northern Ireland. (Paragraph 89)***

3. The Government recognises the important point the Sub-Committee raises around the disruption to East-West trade. The Protocol is imposing disproportionate administrative burdens on businesses moving goods within the UK, with recently published data showing that businesses have been required to complete over a million customs declarations in 2021 to comply with the requirements of the Protocol.
4. The Government has tried to make the Protocol work in its current form, committing to over £500m in support for businesses since January 2021, including delivering an unprecedented Trader Support Service and Movement Assistance Schemes to help traders manage these new requirements. But the reality is that even with this support in place, the extensive and burdensome requirements of the Protocol mean that businesses are still facing additional costs when moving goods between Great Britain and Northern Ireland.
5. The Government recognises the scale of the challenge facing businesses and that is why the Northern Ireland Protocol Bill has been brought forward. This Bill would allow the Government to give effect to revised arrangements which would address the issues the Protocol is causing for businesses. The new green and red lane arrangements the UK Government is proposing would remove the unnecessary costs and paperwork for businesses trading within the UK, and a dual regulatory regime would provide businesses with the choice and flexibility to place goods on the market in Northern Ireland according to either EU or UK goods rules. The Bill would also allow the Government to fix the current tax and spend discrepancies between Northern Ireland and the rest of the UK, ensuring businesses can benefit from the same support and subsidies across the whole of the UK. The Government continues to work closely with stakeholders on how these elements can be put into practice to ensure that we are able to deliver a robust regime that works for everyone.

**There is also widespread concern within the business community about the impact on Northern Ireland of increasing regulatory divergence between the UK and the EU. (Paragraph 90)**

***RECOMMENDATION 2: We call on the Government and the EU to undertake a full impact assessment of the implications for Northern Ireland of regulatory divergence brought about by their legislative proposals, and for them to work together with business to formulate an effective process for managing such divergence in order to minimise its impact on Northern Ireland. (Paragraph 90)***

6. The Government agrees that there needs to be effective arrangements which maintain Northern Ireland's place in the UK and its internal market, even as EU and UK rules diverge. This is why we have proposed a dual regulatory regime, which would allow goods to be sold in Northern Ireland that meet either EU or UK rules (or both where that is possible). This would provide a long term, sustainable solution to UK and EU regulatory divergence and its impact on Northern Ireland.

7. Over the summer, the Government has been engaging with stakeholders, including businesses in Northern Ireland and Great Britain, and regulators about its approach in respect of the Northern Ireland Protocol Bill. This engagement will continue, and the Government will in due course set out further details on how this model will work in practice. The Government also considers that this would be the right way forward in any negotiated agreement.

**We note evidence of the beneficial impact of the Protocol in particular for Northern Ireland businesses trading with Ireland and the rest of the EU, including in the retail, logistics, manufacturing, pharmaceutical and agrifood sectors. A number of businesses have been able to take advantage of the Protocol in terms of product substitution (for instance providing locally sourced goods previously supplied by GB-based suppliers) or trade outside Northern Ireland (whether supplying goods to Great Britain, Ireland and/or the rest of the EU) because they enjoy a competitive advantage compared to businesses in Great Britain or Ireland whose access to each other's markets is now constrained. (Paragraph 104)**

**We also note the evidence we have received of the importance of the Protocol for sectors of the economy such as the dairy and meat processing industries that are dependent on complex cross-border supply chains on the island of Ireland, and the damage that would be caused to these sectors should access to the EU Single Market be lost. We take note of business fears that the benefits of the Protocol in terms of facilitating North-South trade are being taken for granted, and may be placed at risk by steps to mitigate the impact on East-West trade. (Paragraph 105)**

**Nevertheless, we acknowledge concerns that these benefits have arisen due to trade diversion rather than growth, and that the overall impact on the economy therefore remains uncertain. We also take note of concerns that they are evidence of the 'feast or famine' impact of the Protocol, whereby businesses are able to take advantage of the Protocol benefit, while those dependent on trade with Great Britain lose out. (Paragraph 106)**

**We also acknowledge concerns over the impact of Brexit upon cross-border service provision on the island of Ireland. (Paragraph 107)**

***RECOMMENDATION 3: We urge the UK and the EU (working with the Northern Ireland Executive, as and when it is functioning fully, and the Irish Government) to work collaboratively to provide the conditions for cross-border service provision on the island of Ireland. (Paragraph 107)***

8. The Government has noted the Sub-Committee's findings in relation to the potential benefits the Protocol offers some businesses. However, as the Sub-Committee acknowledges, the benefits offered by the Protocol in terms of facilitating North/South trade may have come at the expense of trade within the UK. The situation as it stands is undermining the Belfast (Good Friday) Agreement and power sharing, and with it stability in Northern Ireland. This must be addressed.

9. The Northern Ireland Protocol Bill the Government has brought forward aims to address these issues whilst, vitally, maintaining elements that are working, preserving North-South trade and cooperation like the Common Travel Area (CTA) (which also helps to support cross-border service provision on the island of Ireland).
10. Beyond the Bill, the Government is taking other steps to support the cross-border provision of services and uphold our CTA commitments. For example, we are actively engaging with the Irish Government to encourage our respective regulators to ensure routes to recognition are in place for UK and Irish professional qualifications.
11. Nevertheless, the UK has left the EU's Single Market and this has inevitably had an impact on cross-border service provision on the island of Ireland.

**We note the proposed mitigations and solutions put forward by business representatives and other stakeholders to ease the practical impact of the Protocol, many of which are unchanged since the Committee's July 2021 introductory report. We note, without prejudice to the views of individual members on the Protocol and on the UK and EU positions, and recalling the position set out in paragraph 36 of this report, that several of these recommendations are reflected in the proposals brought forward by the Government and by the EU. (Paragraph 172)**

**Businesses have stressed the key importance that the default position under the Protocol, whereby all goods moving from Great Britain to Northern Ireland are considered at risk of moving into the EU Single Market unless deemed otherwise, should be reversed. (Paragraph 173)**

***RECOMMENDATION 4: We accept this criticism, and urge the two sides through the Joint Committee to undertake a further review setting out realistic criteria for determining risk under Article 5 of the Protocol. (Paragraph 173)***

12. The Government has noted the Committee's concerns about how the 'at risk' status of goods is determined under the Protocol and the mitigations and solutions which have been proposed to manage this, including a review of the criteria determining 'at risk' status. The Government agrees that the current system is not proportionate and imposes unfair burdens and costs on traders moving goods between Great Britain and Northern Ireland.
13. The Government has developed alternatives to the 'at risk' test to determine whether a good is likely to move into the Single Market and has put forward these practical alternatives to the EU, including the creation of a new green lane and red lane which would determine the customs treatment of goods.

**We also repeat our concern that the rules on notice for food supply, supplementary declarations and import controls, while suitable for the shipment of containers of goods from across the globe, appear wholly unsuited to the regional supply chains used by businesses in Great Britain and Northern Ireland, many of whom are SMEs with limited resources, and where the risk of goods moving into the EU Single Market is low. The EU has argued that its proposals will ease the amount of paperwork involved considerably, which the Government disputes. These claims need to be tested against the views and experience of the companies that would need to implement any revised systems, and we will seek further feedback from them in the autumn. (Paragraph 174)**

14. The Government shares the Sub-Committee's concerns – the Northern Ireland Protocol in its current form requires arduous customs and sanitary and phytosanitary paperwork and disproportionate checks and controls on goods moving within the UK. This disproportionately affects SMEs, many of whom only serve Northern Ireland and may not have the resources to meet these unnecessary requirements for a domestic movement.
15. The Government would prefer a negotiated solution to address this – but the EU's proposals have not, to date, gone far enough to address the full range of issues facing communities in Northern Ireland. They come with preconditions that would make the situation in Northern Ireland worse not better, taking us backwards from where we are. The EU's proposals would create more process and bureaucracy than now. For example, sending a parcel from Northern Ireland to Great Britain would require more than 25 fields of information. The EU say that their proposals would ease the amount of paperwork but there would continue to be requirements for customs declarations, as well as safety and security declarations for goods destined for Northern Ireland.
16. The Government has set out wide-ranging proposals which we consider would address these issues, including new green and red lane arrangements under the Northern Ireland Protocol Bill which would remove unnecessary costs and paperwork for businesses trading within the UK. We are discussing these proposals with industry, including SMEs, to ensure that any burdens on traders are proportionate. The Bill would provide the basis for these new arrangements, and any new negotiated agreement would also need to ensure these concerns could be met.

**The UK has proposed a system of green and red lanes or channels: green for goods destined for Northern Ireland only, and red for goods moving into the EU Single Market. The EU also proposes an express lane for goods moving to Northern Ireland only. This 'lane' approach, which in the UK case requires changes to the Protocol itself, and in the case of the EU requires a lighter touch application of existing Protocol articles, has widespread support in the business community, but there is frustration that the two sides have not been able to agree a common position or understanding on its operation. (Paragraph 175)**

**RECOMMENDATION 5: *We call on the UK and the EU swiftly to reach agreement on how such a mechanism would work in practice. In that context, we stress the importance of a robust and mutually acceptable approach to real-time data sharing, monitoring and enforcement. (Paragraph 175)***

**We also note the widespread calls for such a system to be supported by an enhanced trusted trader scheme with audited supply chains and facilitated movements of known products. Such a system would have significant benefits for the free flow of goods, although we note concerns that, depending on its scale, it could benefit larger companies at the expense of SMEs. Both the UK and the EU accept the need for an enhanced trusted trader scheme in principle, but disagree over how it should work in practice. (Paragraph 176)**

**RECOMMENDATION 6: *We urge the two sides to work together with business to reach agreement on its scale and application, and to ensure that it covers as wide a range of businesses as possible. (Paragraph 176)***

17. The Government notes the Sub-Committee's recommendations that the UK should reach an agreement with the EU on the operational detail of a regime supporting the movement of goods.
18. The Government has been clear that its preferred outcome is a negotiated solution and it remains open to discussions with the EU. As the Sub-Committee notes, the Government views the red and green lane proposals as an essential part of addressing the challenges that businesses face.
19. Thus far, the EU's proposals for an "express lane" recognise that there needs to be different treatment for internal UK trade, but do not go far enough to address the full range of issues facing communities in Northern Ireland. Under the EU proposals, goods moving within the UK would still be required to complete burdensome customs paperwork, including a customs and safety and security declaration. This includes requiring that businesses provide the commodity code, the most difficult element of the customs process for many businesses which requires finding a specific code (from over 7000), for every item shipped.
20. The Government remains committed to cooperation with the EU, including extensive data sharing on goods entering NI. As set out in *Northern Ireland Protocol: the UK's solution*, the UK would put in place a trusted trader scheme and share data on its operation, as well as data from relevant customs systems.
21. The Government has already delivered a new purpose built IT system. Through this system, the Government can share the goods data the EU needs to monitor GB-NI sea crossings – and reassure them the Single Market is protected. The system has been live since January 2022, although EU officials have so far declined to access it.
22. The Government has been engaging with stakeholders, including businesses in Northern Ireland and Great Britain as well as regulators, on the proposals under the Bill for some time, and is continuing to do so.

**We acknowledge the intention behind the Government’s proposals for a dual regulatory regime. We note that some witnesses welcomed the concept. However, there is widespread concern among businesses about its practical feasibility and implications for complex cross-border supply chains, in particular in the context of growing regulatory divergence between the UK and the EU. There are also concerns that such a regime may not suit all sectors of the economy. (Paragraph 177)**

**RECOMMENDATION 7: *The Government urgently needs to explain how its proposals will ensure in practice that, as well as facilitating East-West trade, they do not imperil North-South trade, and to provide reassurance that businesses will not be forced to choose between trade within the UK and trade with Ireland and the EU. In that context, we urge the Government to engage with and address the specific concerns of business representatives over the feasibility of its proposals. (Paragraph 177)***

23. The Government’s proposals seek to fix the practical problems the Protocol has created in Northern Ireland whilst maintaining elements that are working, preserving North-South trade and cooperation like the Common Travel Area.
24. It is the Government’s view that a dual regulatory regime would provide an effective means to address internal barriers and support trade across the UK by allowing businesses to choose between meeting UK or EU rules, or both should they wish to, in Northern Ireland. The Protocol means traders must comply with EU rules when selling in Northern Ireland, and this deters some Great Britain-based businesses due to the costs and administrative burden. These regulatory barriers will increase as UK and EU rules diverge over time, eventually putting product lines at risk. The dual regulatory regime introduces flexibility, so that traders can produce products to UK rules and sell those products across the whole of the UK. The dual regulatory regime will also ensure that businesses that prefer to follow EU rules can continue to do so in Northern Ireland. NI goods produced in line with EU rules will continue to be able to be sold in the rest of the UK, and, as now, only goods meeting EU rules would be able to be placed on the EU Single Market.
25. The Government continues to engage with and consult businesses on the Northern Ireland Protocol Bill to ensure it develops a robust and enduring regime, and crucially that businesses will not be forced to choose between trade within the UK and trade with the EU. This Bill will provide businesses with the option to choose which set of rules best suits their business model and will also allow consumers to access the goods they prefer.

**We acknowledge widespread support for the continuation of the various grace periods and derogations, amidst warnings of the serious economic impact should they come to an end without being replaced. In that context, we note that the grace periods have been unilaterally extended by the UK, and there are concerns that the EU's proposals for changes to the Protocol appear to be based on the assumption that the grace periods will come to an end, amplified by its decision to continue the infringement procedure against the UK in relation to the grace periods begun in March 2021 but subsequently put on hold. (Paragraph 178)**

**RECOMMENDATION 8: *In view of business concerns over the negative impact should they come to an end without being replaced, we urge both sides to agree to the permanent continuation of the grace periods and derogations. (Paragraph 178)***

26. The Government welcomes the points raised by the Sub-Committee. Standstill arrangements provide important stability and certainty, ensuring a clear basis on which businesses and citizens can operate while the Government seeks a long term solution, ideally via UK-EU discussions. It will be a priority for the Government that these can be maintained. It is also clear that any revised arrangements must proceed from the baseline that the standstill establishes; and cannot, as the EU proposals would entail, move us backwards from this status quo.

27. It is regrettable that the EU has decided to continue with the infringement proceedings it initiated in March 2021 in relation to the Protocol, and to initiate six new sets of proceedings in June and July 2022. The Government is responding to these, and, as above, our priority will be to ensure the current operation of standstill arrangements is maintained.

**We reiterate the conclusion of our July 2021 introductory report, that one of the most significant single measures to alleviate the regulatory and administrative burden of the Protocol would be a UK-EU SPS/veterinary agreement. It is regrettable that there has been no compromise in the intervening period between the EU's preference for a dynamic alignment model, and the UK's preference for an equivalence framework. (Paragraph 179)**

**RECOMMENDATION 9: *We again urge both sides to work towards a common position on an SPS agreement designed with the specific circumstances of Northern Ireland in mind. (Paragraph 179)***

28. The Government has engaged extensively with the EU on reducing the burden of sanitary and phytosanitary (SPS) checks and controls under the Protocol, both through the Joint Committee and through official-level channels. The Government participated in over 300 hours of ministerial and official discussions with the EU on the Protocol over the last year and a half. Many of these discussions focused on the burden of SPS processes between GB and NI.



29. During these discussions, the UK put forward constructive solutions which would both provide protection for the EU Single Market and reduce the burden of SPS checks and processes between GB and NI, but an agreement was not reached. This has included a biosecurity agreement to manage risks to animal, plant and human health. The Government has been clear that we could not accept any arrangement requiring dynamic alignment, which would compromise sovereignty over our own laws. However, we remain open to working with the EU on a new bespoke biosecurity assurance framework to manage goods where a different order of risk is posed.
30. In the absence of sufficient flexibility from the EU, the Northern Ireland Protocol Bill will allow the Government to take action to ensure continued security of the food chain within Northern Ireland, as well as protecting animal health and welfare and human health across the island of Ireland. With that being said, the Government remains open and willing to reach an agreement with the EU on the important points raised by the Sub-Committee.

**Both the UK and the EU envisage specific labelling requirements in relation to goods in circulation in Northern Ireland. We note the concern of business representatives around the feasibility of a system of differential or dual labelling for goods in a market as small as Northern Ireland. (Paragraph 180)**

***RECOMMENDATION 10: We stress the need for both sides to identify a mutually agreed, practical solution to this issue. (Paragraph 180)***

31. The Government welcomes the Sub-Committee's recommendation and reiterates that it remains the Government's preference to achieve a negotiated outcome – which the Northern Ireland Protocol Bill provides for – and to work with the EU to resolve the practical issues the Protocol has created for the People of Northern Ireland, including where these are unduly burdensome, such as the EU's proposals for product-level labelling.
32. However, the Government cannot wait to address these serious issues and is continuing to engage with and consult stakeholders on how the dual regulatory model should work in practice. This will enable the Government to design the implementation so it meets the overall objectives of providing greater choice for businesses and ultimately consumers, removing the future risks linked to regulatory divergence such as those around labelling, and preserving NI-GB economic ties whilst safeguarding the EU Single Market.

**We also underline the importance of resolution of outstanding issues and difficulties regarding the application of Tariff Rate Quotas in Northern Ireland, and in particular to address concerns that Northern Ireland businesses are placed at a competitive disadvantage. (Paragraph 181)**

**Although we have taken limited evidence on the Government's proposals in relation to VAT and State aid, business urgently needs clarity on the application of the Protocol in these areas. We will scrutinise these important issues further in the autumn. (Paragraph 182)**

33. The Government welcomes the important point raised by the Sub-Committee and shares the concerns around the tax and spend discrepancies between Northern Ireland and the rest of the UK, as well as the difficulties caused by the application of Tariff Rate Quotas in Northern Ireland. Northern Ireland traders have been unable to access either the UK's or the EU's Tariff Rate Quotas on products such as steel. This puts them at a unique disadvantage which increases costs at an already challenging time. That is why the Government has been clear that these issues need to be addressed.
34. The Government recognises the issues caused by the application of EU State aid rules in Northern Ireland. We have sought consistently for the arrangements in Article 10 to be replaced by those in the Trade and Cooperation Agreement. This is what the Bill would provide for, ensuring that public authorities can issue subsidies on the same terms and provide the same amounts across the whole of the UK, and will no longer need to consider compliance with EU State aid rules. This would mean that businesses across the UK will no longer need to consider whether or not subsidies they want to receive are in scope of the Protocol, and how to prevent cross-subsidisation into NI, for example, through separate accounting.
35. The application of EU VAT and excise rules for goods also prevents people in Northern Ireland from benefiting from UK policies. In particular, reliefs for the installation of Energy Saving Materials in homes have not been applied, despite posing no threat to the EU Single Market. The Northern Ireland Protocol Bill will ensure stability by continuing to reflect some EU VAT and excise rules in UK law where it benefits the people of Northern Ireland, while providing the UK Government with power to adapt, change, or override these rules. These issues would also need to be properly addressed in any negotiations, to ensure that Northern Ireland can benefit from aid and support which is available in the rest of the UK.

**While we note the potential for technological solutions and mitigations in relation to many of these issues, we also acknowledge that they cannot resolve all of the issues in relation to the movement of goods, at least in the short term. (Paragraph 183)**

***RECOMMENDATION 11: Nevertheless, we call on both sides to work with business to explore what solutions technological developments can provide. (Paragraph 183)***

36. The Government appreciates the Sub-Committee raising this issue and as it has set out repeatedly, its preference remains to achieve a negotiated outcome by working with the EU to resolve the practical issues the Protocol has created for the people of Northern Ireland.

37. However, the Government cannot wait to address these issues and is continuing to engage with and consult businesses on the Bill it has introduced to ensure it is able to develop a robust and enduring regime that works for everyone, which includes discussing in detail how any developments in technology can be used to support effective new arrangements.

**We welcome the engagement by both the UK and the EU with businesses affected by the Protocol. However, business representatives have stressed that there is an urgent need for the UK and the EU to engage jointly with business representatives, to ensure they send and receive a consistent message, and to prevent mutual misunderstanding or misinterpretation. (Paragraph 193)**

***RECOMMENDATION 12: We urge the UK and the EU to provide for such dialogue by fulfilling their commitment, first given in February 2021, to set up a joint consultative business group. (Paragraph 193)***

38. There is currently a democratic deficit inherent in the Protocol, as rules are made and imposed on Northern Ireland without proper consideration as to their impact in Northern Ireland or due involvement by elected representatives in the United Kingdom. Already, we have been informed by the EU of over 4,000 adopted measures within the scope of the Protocol since January 2021.

39. In some cases these have uniquely disadvantaged Northern Ireland – as when EU legislation unilaterally withdrew Northern Ireland’s access to Tariff Rate Quotas, restricting NI imports including steel and New Zealand lamb – and yet have not been subject to any dialogue beforehand. This has – and continues to – undermine political stability in Northern Ireland.

40. Our proposals, such as on dual regulation and the green channel, will give businesses and consumers new freedoms and choices, and address the democratic deficit inherent in how the Protocol currently operates, providing a greater role for UK elected representatives and allowing arrangements to properly take account of Northern Ireland’s unique circumstances.

41. The Government recognises the point the Sub-Committee raises on consistent dialogue with businesses and continues to consider the most suitable ways in which to engage businesses on the important matter of the Northern Ireland Protocol Bill to allow their voices to be heard. We have engaged extensively with businesses over the course of the summer, covering customs, SPS and regulatory issues. The Government has previously undertaken joint consultations on the Protocol with the EU and would be open to doing so again in the future.

**We welcome the support and assistance provided by the UK's Trader Support Service and Movement Assistance Scheme. However, there are concerns over the compatibility of the Trader Support Service's functionality with some existing business models. Furthermore, both are temporary measures, and there are significant concerns around the impact on businesses of the discontinuation of this support. We also note that the Government's promised tariff reimbursement scheme is now significantly overdue. (Paragraph 194)**

**Business representatives have repeatedly stressed the damaging economic impact of continued political uncertainty over the Protocol. Notwithstanding their acknowledgement of the economically beneficial impact of the continuation of the grace periods, they have also set out serious concerns over the economic consequences of unilateral action. Without prejudice to the views of individual members on the Northern Ireland Protocol Bill or the EU's response, we stress that a mutually agreed solution is the optimal outcome, and that the continued lack of agreement between the two sides is having an economically damaging effect. (Paragraph 204)**

**RECOMMENDATION 13: *We urge the Government to make permanent the Trader Support Service and Movement Assistance Scheme and to ensure that as many businesses as possible are able to benefit from this support. We also call on the Government to implement the promised tariff reimbursement scheme without delay. (Paragraph 194)***

**RECOMMENDATION 14: *We therefore call on the UK and the EU urgently at a political and technical level to resume dialogue, in a spirit of flexibility and proportionality, and including full engagement and consultation with business, with a view to reaching such agreement. (Paragraph 204)***

42. The Government notes the Sub-Committee's emphasis on support for businesses and certainty. As the Sub-Committee sets out in its reference to the Movement Assistance Scheme and Trader Support Service, this has been at the heart of our approach so far in order to minimise burdens on businesses.

43. However, despite the assistance provided by these schemes, businesses throughout the UK still face many practical problems and the Protocol as it stands is not working. Our preference remains to find a negotiated solution so that it can meet its original objectives, and our door will remain open to talks. But so far the Commission's mandate and proposals do not go far enough to address the full range of issues being faced in Northern Ireland.

**Given the importance of these issues for the people of Northern Ireland, we welcome the steps that have been taken to alleviate problems with the supply of medicines to Northern Ireland through the EU's legislation that came into force in April 2022. Nevertheless, we note that it would have been preferable for these solutions to have been taken forward on the basis of mutual agreement rather than unilateral action by the EU. In that context, we note the concerns of the Government and pharmaceutical industry representatives that a number of issues remain outstanding, notably in relation to centrally authorised products, the application of the Falsified Medicines Directive, and the supply of medical devices. (Paragraph 217)**

**RECOMMENDATION 15: *We urge the UK and the EU to work together in constructive dialogue, and in full consultation with industry representatives, to identify sustainable solutions to these issues in the months ahead. (Paragraph 217)***

44. For human medicines, the legislation that the EU adopted earlier this year, combined with the UK's Northern Ireland MHRA Authorised Route (NIMAR), has stabilised the supply situation in Northern Ireland. Last year, up to 3,405 products were at risk of discontinuation until this solution was found.

45. While the Government welcomes the EU's acknowledgement of these serious problems with the Protocol, the EU's legislation only goes so far and there remains uncertainty about the long-term regime. This includes issues in relation to EU Centrally Authorised Products (CAPs), and the fact that fixes on the EU's Falsified Medicines Directive requirements only last so far for three years.

46. In the absence of a further negotiated settlement with the EU on these issues, the Bill the Government has brought forward will address these issues, and any other issues that arise in relation to the supply of medicines to Northern Ireland.

**Our July 2021 introductory report concluded that “addressing the issues of conflicting identity that first Brexit, and then the Protocol, have brought to the fore seems for the moment an insoluble problem. That was also true of the political situation in Northern Ireland during the Troubles. But through a slow and painstaking process led by political leaders in Northern Ireland and successive governments in London and Dublin, the peace process took root and flourished, leading to the Belfast/Good Friday Agreement and the subsequent steps towards a power-sharing arrangement. This process took time, patience, dialogue, and most of all trust. The same is true in addressing the problems that Brexit and the Protocol present for Northern Ireland. There is therefore an urgent imperative for all sides to make concerted efforts to build trust by recommitting themselves to that process of dialogue, repairing the damage caused to relations across these islands during the past five years, in the interests, as the Protocol rightly acknowledges, of communities in both Ireland and Northern Ireland.” (Paragraph 299)**

**It is a matter of deep regret that, in the intervening twelve months, so little progress has been made towards achieving these aims. If anything, the situation has deteriorated still further. We therefore urge the UK and the EU, together with the political parties in Northern Ireland, Northern Ireland stakeholders and the Irish Government, to make a renewed commitment to work together to prioritise Northern Ireland's interests, participate together in constructive engagement, rebuild trust, and engage in effective relationship building. (Paragraph 300)**

**In the words of one of our witnesses, those who negotiated the Belfast/Good Friday Agreement “were able to do so because of their ability to appreciate the perspectives of others and willingness to work together and take risks to achieve a common goal despite historic differences. Such a courageous approach is needed now.” (Paragraph 301)**

47. The Government's preference is for a negotiated outcome that provides an enduring solution to the challenges experienced with the Protocol and shares in regret that an agreement has not been reached. The EU has not moved beyond what they set out in their October 2021 proposals. These do not solve the problems experienced in Northern Ireland. They would increase burdens on business and citizens and take issues backwards from the status quo, increasing administrative requirements and increasing delays to GB-NI movements, particularly for consignments carrying mixed loads. The Government believes that the problems created by the Protocol can only be solved by changes to the Protocol, which the EU has refused to consider.
48. The Government has engaged in negotiations in good faith. Teams have spent hundreds of hours engaging with the EU's four non-papers. Lord Frost and the previous Foreign Secretary met with Vice President Šefčovič on 26 occasions, which is more than any other international partner. UK officials engaged in 18 weeks of technical discussions with their EU counterparts. Since July 2021, UK officials have shared a further 17 papers with the European Commission covering proposals including data sharing, VAT and customs.
49. The Protocol is causing real problems in Northern Ireland. The Belfast (Good Friday) Agreement requires both Unionists and Nationalists to be part of a power sharing Government but the Unionist community will not re-enter the Northern Ireland Executive until the Protocol is fixed. A solution is urgent. The Government remains clear that it is open to negotiations with the EU but in the absence of any change in the EU's position, and due to the serious nature of the issues that the people of Northern Ireland continue to experience, the Government must continue in bringing forwards the Northern Ireland Protocol Bill as a solution.