



HOUSE OF LORDS

European Union Committee

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Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
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19 November 2020

Dear Michael,

In July 2017 the European Union Select Committee heard evidence from Premiers, Chief Ministers and other representatives of the Overseas Territories, on the impact of Brexit upon their Territories. Each of the Overseas Territories, other than Gibraltar (whose position we examined in a separate report on *Brexit: Gibraltar*, published in March 2017) was invited to participate, and we were pleased to have the opportunity to hear from representatives of Anguilla, Bermuda, the British Virgin Islands, the Falkland Islands, Montserrat, the Pitcairn Islands, Tristan da Cunha and the Turks and Caicos Islands. We also received written evidence from a number of Overseas Territories, including the Government of St Helena.

In September 2017, we wrote to the then Secretary of State for Exiting the European Union, Rt Hon David Davis MP, summarising the comments and concerns that were put to us by the Overseas Territories. Mr Davis replied in February 2018, stressing that, given that negotiations with the EU were at an early stage, it was not possible to provide a definitive response to many of the Committee's questions.

As the UK-EU negotiations draw to a conclusion and the end of the transition period approaches, I am writing to you to revisit the issues set out in our September 2017 letter, and to ask for an update on the implications of UK withdrawal for the Overseas Territories. We do so in the context of the forthcoming JMC OTs meeting, from 23–26 November, at which we understand that issues relating to EU exit will be discussed. We will write to you separately regarding the specific issues affecting Gibraltar.

We summarise our questions under the following headings.

Access to EU funding

1. EU funding is a significant contributor to the annual budgets of several Overseas Territories, including Anguilla, Ascension Island, the British Virgin Islands, Montserrat, the Pitcairn Islands, St Helena, Tristan da Cunha, and the Turks and Caicos Islands. How does the UK Government plan to cover any financial gap resulting from the loss of EU funding, including European Development Fund and BEST (Voluntary Scheme for Biodiversity and Ecosystem Services in Territories of the European Overseas) funding?
2. What are the implications for the funding of the new 687,000 square kilometre marine protection zone in the waters around Tristan da Cunha?

Trade with the EU

3. After the end of the transition period, what will be the position of the Overseas Territories' EU-bound exports as regards to the application of tariffs, quotas, or other obstacles to trade?
4. Is there any prospect of Overseas Territories' tariff- and quota-free access to the EU market being addressed in future discussions with the EU?
5. Fishing exports to the EU account for over 40% of the Falkland Islands' GDP, and up to 60% of its Government revenue. In view of this, how would you respond to the concerns of the Falkland Islands that the exclusion of Loligo squid from the EU's Autonomous Tariff Quota list for 2021, and therefore the automatic imposition of tariffs of up to 18% from January 2021, could have a seriously detrimental impact on its economic prosperity?
6. What steps will the UK Government take to support the Falkland Islands, and other affected Overseas Territories, and to mitigate any negative impact upon their economic models?

Financial services

7. Given the importance of the financial services industry to a number of Overseas Territories, what steps will you take to ensure that the UK continues to provide support to the Overseas Territories in their discussions with the EU about financial services cooperation, equivalence, data protection cooperation, and related matters, including best practice and transparency?

Freedom of movement in the EU

8. What steps are you taking to mitigate the impact of the loss of EU freedom of movement rights for British citizens in the Overseas Territories?

Relations with neighbouring territories

9. What steps is the Government taking to ensure that the existing close cooperation between neighbouring UK and EU Member State Overseas Territories, including between Anguilla and the French and Dutch Territories of Saint Martin and Sint Maarten, is able to continue after UK withdrawal from the EU?
10. In light of reports of recent lobbying by the Argentinian Government on matters of sovereignty and the Falkland Islands' access to the EU market, we stress the importance of reinforcing the UK's commitment to the Falkland Islands' sovereign status as a British Crown Dependency, including through engagement in the JMC OT. What steps are you taking to ensure that the commitment of the EU and its Member States to the existing constitutional status of the Falkland Islands will continue?

Third country trade agreements

11. What steps is the Government taking to ensure that the Overseas Territories are able to participate in future post-Brexit trading opportunities?
12. How is the Government consulting, involving and informing the Overseas Territories about its negotiations on trade agreements with third countries?

UK-EU negotiations

13. What steps has the Government taken to ensure that the concerns and interests of the Overseas Territories have been taken into account during the future relationship negotiations with the EU?
14. When did the JMC-OT EN last meet? Are there any plans for it to meet again, or are discussions with each of the Overseas Territories now taking place on a bilateral basis?
15. What account can you give of the discussions on EU exit at the JMC OT taking place from 23–26 November?

We would be grateful for a response to this letter, taking account of the outcome of the UK-EU negotiations and the November JMC OT, by 3 December 2020.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kinnoull', with a horizontal line underneath.

Lord Kinnoull
Chair of the European Union Committee