



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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16 December 2020

Dear Michael

I am writing in response to the publication on 8 December 2020 of a Joint Statement by the co-chairs of the EU-UK Withdrawal Agreement Joint Committee, on the implementation and operation of the Protocol on Ireland/Northern Ireland, and on 10 December of the Command Paper on the Northern Ireland Protocol, and a series of draft UK-EU Withdrawal Agreement Joint Decisions, and UK and EU unilateral declarations in the Joint Committee. The House of Lords EU Select Committee considered these documents at its meeting on 15 December.

We welcome the publication of these documents, and the flexibility that both sides have shown in reaching agreement. In view of the recommendations made in our report on Part 5 of the United Kingdom Internal Market Bill, we also welcome the Government's withdrawal of Clauses 44, 45 and 47 of that Bill, and its agreement not to bring forward similar provisions in the Taxation Bill. We also join you in acknowledging the important intervention by the First Minister and deputy First Minister of Northern Ireland, in their letter to Commission Vice-President Šefčovič on 5 November, in paving the way for agreement.

We congratulate you and Vice-President Šefčovič on the progress that has been made. Nevertheless, the implementation and operation of the Protocol continue to present a significant challenge to businesses based in or trading with Northern Ireland, and other key stakeholders, who see this agreement as a baseline for further deliberations and not the end result. We therefore welcome your acknowledgement of the "need to get on and give clarity to business as to the specifics of what this deal means for them, and how it will all work in practice." We note in particular the need for clarity concerning:

- How the provisions for unfettered access for Northern Ireland goods to the UK market will work in practice;
- The practical operation and application of the proposed UK Trader Scheme, both for SMEs and large businesses, and the volume of Great Britain-Northern Ireland trade that will be covered by it;
- How the various processes will work for goods moving between Great Britain and Northern Ireland via Ireland;
- The operation of the various grace periods and review points envisaged in the agreement, what adjustments will be required in the meantime, and what will happen after they expire;
- How the mechanisms for operating parallel EU and UK VAT systems for goods and services will work in practice;

- The legal status of the various unilateral declarations, including the clarification of the Protocol's State aid provisions; and
- The mechanisms for parliamentary scrutiny of the work of the Joint Committee and draft EU legislation applying to Northern Ireland under the scope of the Protocol.

We plan to consider these and other matters in detail in the new year, when we will seek the views of the Northern Ireland business community, committees of the Northern Ireland Assembly, and other stakeholders. In the meantime, we look forward to discussing them with you in person at your appearance before the Committee on 17 December.

Yours sincerely

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

Lord Kinnoull
Chair of the European Union Committee