

## **NORTHERN IRELAND DEPARTMENT FOR THE ECONOMY INPUT TO HOUSE OF LORDS CRAG SCRUTINY REPORT FOR THE UK-EEA/EFTA TRADE AGREEMENT**

Thank you for the opportunity to provide comment on the negotiation process and substance of Northern Ireland's contribution to the UK's trade agreement with Iceland, Liechtenstein and Norway.

### **Overall**

The Department for Economy (DfE), on behalf of the Northern Ireland Executive, welcomed the opportunity provided by the Department for International Trade (DIT) to comment on approaches taken during the recent FTA negotiations. Due to the relatively low level of trade between Norway and Iceland and the agreement primarily rolling over the previous EU agreement, Northern Ireland input was limited at this stage.

It should be noted however that much of the detailed text was not seen for the first time until close to the official Agreement in Principle was announced, meaning limited time for due consideration of the issues.

Since publication the text of the agreement, policy papers, impact assessment and the UK/Norway/Iceland exchange letters detailing Northern Ireland Protocol obligations have been shared across the Northern Ireland Executive departments. No concerns have been raised on trade matters.

### **Protocol**

There has been much discussion at a political level on the operation of the Ireland/Northern Ireland Protocol. However, with a few limited exceptions, in relation to the UK agreement with Iceland, Liechtenstein and Norway, and across all FTAs generally, there remain significant complexities in relation to how this is managed between the UK government and the Northern Ireland Executive. Engagement with DIT is constructive in the main, however, core policy responsibility for the Northern Ireland Protocol continues to rest in other areas of UKG, most especially Cabinet Office, adding a further layer of complexity to FTAs in respect of NI.

On 2 June 2021, the draft documents were circulated just prior to the announcement of the Agreement in Principle. Contained in the package of documents was the exchange of letters between the UK government and Iceland and Norway as regards the Protocol.

In brief, the letter outlines:

- that goods entering Northern Ireland and deemed "at risk" of entering the EU will pay EU duties;
- if EU duties are higher than the duties agreed in the UK-EEA/EFTA Agreement importers may use any waiver or reimbursement schemes the UK has in place to cover the difference between the levied duty and the UK duty for goods; and

- The provisions within the UK-EEA/EFTA Agreement regarding SPS measures, TBT and Geographical Indicators do not have effect in Northern Ireland where they adversely affect the functioning of the Protocol.

On re-imburement and waiver schemes it is worth noting the re-imburement scheme is not yet in place with no indication when it will be. The waiver currently available for goods moving from Great Britain to Northern Ireland for excess duty is currently set at a limit of €200k on a rolling 3 years basis but excludes business primarily involved in agricultural production or production, processing or marketing of fishery and aquacultural products.

### **UK Government approach**

In summary, there remain considerable complexities around how Northern Ireland will fully benefit from UK FTAs including the FTA with Iceland, Liechtenstein and Norway, due to the Northern Ireland Protocol. In particular, as we move into implementation, UKG will need to consider impacts on transparency around WTO notifications and potential trade dispute risks arising from the potential inability to fully comply with FTA measures for NI, where these conflict with measures in the Protocol.

