

Government response to the House of Lords report, Beyond Brexit: food, environment, energy, and health

Introduction

The Government thanks the Committee for its report, Beyond Brexit: food, environment, energy, and health.

The Trade and Cooperation Agreement represents the first time the EU has agreed a zero tariff zero quota deal with any trading partner, providing many UK service suppliers with legal guarantees that they will not face barriers to trade when selling into the EU. The Committee has made a number of recommendations and conclusions and the Government's response to these is below.

Response to recommendations

Food and agricultural produce trade

[1] Tariffs and quotas on food and agricultural produce trade would have threatened the viability of some producers and led to rises in consumer food prices. We share the relief of businesses that an agreement was reached that provides for tariff and quota-free trade. (Paragraph 25)

[2] We are disappointed that the Government and the EU did not achieve more through the sanitary and phytosanitary measures Chapter of the TCA. This has resulted in substantial barriers to trade which risk reducing the profitability of parts of Great Britain's food and agricultural produce sectors. We recommend that the Government seeks supplementary agreements with the EU in these areas, along the lines of the EU-New Zealand agreement. We find it strange that the TCA accomplishes less on sanitary and phytosanitary measures in comparison. (Paragraph 26)

The Trade and Cooperation Agreement (TCA) represents a major achievement in facilitating trade between the UK and the EU, delivering a deal for the UK in record time, and under challenging conditions. As noted in the report the deal provides for zero tariffs and zero quotas on trade in EU and UK originating goods and is the first time the EU has agreed to such liberal market access in a trade deal.

The Sanitary and Phytosanitary (SPS) chapter of the TCA includes a mechanism that allows the UK and the EU to take informed decisions to reduce their respective SPS controls, with a commitment to avoid unnecessary trade barriers. We believe it is in both Parties' interests to use this framework to reduce the rate of SPS checks required.

The Specialised Committee set up under the SPS Chapter shall, among other responsibilities, review the Parties' SPS measures, including certification requirements and border clearance processes, and their application, in order to facilitate trade between the Parties.

The UK proposed a mechanism to agree SPS equivalence in the TCA negotiations, as a means to reduce barriers to trade whilst maintaining the regulatory autonomy of each Party. Unfortunately, the EU would not agree to this, despite already having SPS agreements with other countries on broadly similar terms. We have been clear with the EU that we remain open to an SPS agreement based on equivalence, but that we cannot accept an agreement where the UK is bound to remain aligned to EU rules into the future.

[3] We regret the Government's decision to defer establishing the Partnership Council and other bodies and urge it to review this position. We are especially frustrated by the delay in setting up the Trade Specialised Committee on SPS Measures. We urge the Government to work with the European Commission to set up the Committee swiftly, and for it to operate inclusively and with transparency. (Paragraph 31)

The TCA was provisionally applied until 28 February 2021, but in February, this period was extended until 30 April, at the EU's request, to allow for it to complete its outstanding processes, including the European Parliament giving its consent. We did not consider it appropriate that the TCA committees would formally begin their work in this period unless there were necessary decisions that could not be deferred.

Now that ratification is complete, the committees can formally begin their work, including the Partnership Council.

We will agree a date for the first meeting of the Trade Specialised Committee on SPS, ensuring that sufficient time is given to preparation. As with other committees, it will operate to the transparency standards set out in the TCA. For example, agendas will be shared with Parliament.

[4] Trade in food and agricultural produce between Great Britain and the EU will suffer if significant policy divergences on either side lead to tariffs and increased checks being introduced. Both sides should thoroughly assess potential trade barriers that may arise as they develop approaches to regulating and supporting food and agricultural production. (Paragraph 35)

The UK and EU have very similar animal and plant health measures. Moving forward the Government is committed to maintaining high standards in biosecurity, food safety, animal welfare and environmental protections. We now have the freedom to introduce our own SPS rules that are based on more up-to-date science and better

targeted to manage biosecurity risks and food safety issues specific to the UK, and which better reflect UK needs and priorities.

The Government has been successful in securing an SPS chapter that recognises that the UK and EU's independent SPS controls must be risk-based and should not create unnecessary barriers to trade.

The Government has put in place a framework to be able to agree trade facilitations going forward, including potential reductions in the frequency of import checks, where justified. We believe it is in both Parties' interests to pursue this.

[5] Some of Great Britain's exports of food and agricultural products to the EU, such as seed potatoes, have come to a complete halt following the end of the transition period, with severe impacts on the affected sectors. (Paragraph 40)

The EU has unilaterally prohibited the import of UK seed potatoes, a decision we believe is unwarranted and not based on evidence. Defra submitted an application on 12 January under Article 44 of the EU Plant Health Regulation requesting that the EU recognise GB's regulations as equivalent, and for the EU to authorise imports of seed potatoes. This application was rejected by the EU.

Following this, three letters were sent to the EU challenging this response and requesting a reconsideration of the Article 44 case. However, the Commission are maintaining that they are not prepared to change their position on reconsidering our application.

We will continue to press on with our request that prohibitions are lifted.

[6] We welcome the TCA's equivalence agreement on organics, but we are dismayed that the agri-food sector more widely is facing increased trade frictions because other equivalence agreements could not be reached. (Paragraph 41)

[7] The increases in paperwork and preparation required for food and agricultural exports to the EU are presenting very difficult challenges for the sector, particularly small businesses. (Paragraph 49)

As previously noted, the Government proposed further use of equivalence mechanisms to deliver reduced trade friction whilst maintaining the regulatory autonomy of both Parties. Unfortunately, the EU would not accept this and said it was not in their interest to agree to it. However, we did put in place a framework through which we can agree further trade facilitations going forward, including potential reductions in the frequency of import checks, where justified. We believe it is in both Parties' interests to pursue this.

The agreement the Government signed with the EU secured the UK's full autonomy over our public, plant and animal health regime, enabling us to tailor it to the unique circumstances of the UK. From 1 January 2021, there is no role for EU law or the ECJ in these rules. As a result, there are changes that traders need to follow, and this requires new paperwork.

The Government recognises the challenges in adjusting to new requirements facing those exporting agricultural products. Whilst we have no direct control over the requirements and paperwork imposed by the EU for imports, we are encouraging them to be pragmatic in their application given the long history of trade between us and existing high standards of public, plant and animal health.

[8] We deeply regret that certification processes are not yet fully electronic nor streamlined. The Government should move quickly on these fronts, updating and integrating systems as far as possible. We call on both Parties to the TCA each to urgently establish a single window where traders can submit documentation. (Paragraph 50)

The creation of a Single Trade Window is a central feature of the Government's 2025 UK Border Strategy. This will enable parties involved in trade and transport to lodge standardised information and documents to fulfil the vast majority of UK import, export, and transit-related regulatory requirements. Funding is in place for the 2021-2022 Financial Year to lay the foundations of the service.

This work will focus on: creating a single sign-on for traders and intermediaries that will replace the multiple registration processes required currently; creating data standards and a technology framework to allow declarations of all types to be made through the Single Trade Window; and creating a digital service to bring together the Government's border guidance.

The capabilities of the Single Trade Window will grow iteratively over the coming years, with functionality being extended to users in stages. Work is underway to develop a delivery roadmap beyond 2022 and we will be engaging extensively with the border industry and traders over the coming months to ensure we deliver a truly transformative approach for users.

To facilitate greater digitisation, Defra is developing a trade platform from EHC Online and the Import of products, animals, food, and feed system (IPAFFS). This will reduce the data entry points required for importers and exporters and as a result improve their user journey.

The Government will seek to interface with other countries' import and export systems and improve the ability to facilitate trade through the introduction of e-

certification and ePhyto. Initially, the majority of this work is being delivered for movement of goods from Great Britain to Northern Ireland. However, the strategic intention is to widen this to the EU.

[9] It is unclear whether there will be sufficient veterinary capacity to meet the increases in demand for export health certification as the grace periods currently in place fall away. We welcome the Government's steps to increase veterinary capacity. It is essential that the Government continues to monitor this serious issue closely and takes steps to ensure sufficient capacity is in place. (Paragraph 58)

Ahead of the end of the Transition Period, the Government took significant steps to invest in export certifier capacity. Though we have not seen significant issues to date, we continue to monitor the situation closely, including through regular calls with veterinary providers and local authorities.

As in the lead up to 1 January 2021, we are continuing to invest in funded training for certifiers. This has already helped increase the number of official veterinarians qualified to certify products of animal origin for export by more than three times since February 2019. Current numbers are up from around 600 then to over 1,900 today and are expected to increase further over the course of the year.

10] We welcome the Government's promotion of the use of Certification Support Officers. We believe apprenticeships should be developed to improve the professional development offer for veterinary paraprofessionals like these. (Paragraph 59)

Defra introduced the role of Certification Support Officers (CSOs) to help reduce the burden on Official Veterinarians and local authority Food Competent Certifying Officers (FCCOs). CSOs are able to carry out preliminary and administrative work to prepare consignments for export. On 1 October, we announced additional funded training to increase the number of CSOs, increasing numbers to over 500 today and that funded training remains available.

Though certifier capacity has not presented significant issues to date, we continue to monitor the situation closely, including through regular calls with veterinary providers and local authorities.

We have no plans to introduce an additional certification support role as we have not experienced any widespread issues with the availability of CSOs, to date, and funded training remains available.

We are developing a centralised training package for FCCOs. The training will enable current FCCOs to build on their existing capability and enable new Local Authority (LA) officers to qualify as FCCOs.

[11] Trade certification activities are important but often not the best use of a vet's time and expertise. The Government should explore with the EU and other trade partners whether the requirement for export health certificates to carry a vet's signature could be removed or adapted. This could take time to negotiate but ultimately would free up valuable veterinary capacity. (Paragraph 60)

Defra has made extensive guidance available and held webinars and meetings with exporters, trade associations and certifiers to help businesses prepare for the new export certification rules that came into effect on 1 January 2021. We continue to work closely with traders and certifiers to support businesses as they adjust to the new arrangements.

The Government is continuing to look at how to make the system more efficient, including the possibility of further discussions with the EU and other Member States. However, to protect public and animal health, it is important that the individual signing an EHC certificate has the relevant qualifications and experience. The Sanitary and Phytosanitary (SPS) chapter of the Trade and Cooperation Agreement puts in place a framework that allows the UK and the EU to take informed decisions to reduce their respective SPS controls, with a commitment to avoid unnecessary barriers. In addition, the Trade Specialised Committee on SPS measures has a specific function to regularly review the Parties' SPS measures, including certification requirements, and take appropriate action following these reviews to facilitate trade between the Parties.

The Government is open to discussion with the EU on how best we can further reduce frictions on trade in Agri-goods between us, but it cannot be on the basis of alignment with EU rules as this would compromise UK sovereignty over our own laws.

[12] Higher haulage rates and issues with groupage and parcel delivery services are putting further pressure on food and agricultural produce exporters, especially smaller businesses. (Paragraph 64)

The EU's rules for the export of products of animal origin create a number of challenges for products sent as individual parcels, including the requirement for EHCs, in some cases.

The EU Animal Health Regulation, which came into effect from 21 April 2021, introduced further changes to controls for many of the typical products of

animal origin that parcel delivery companies may carry, including new certificates or attestations for some commodities. We are discussing these changes with the European Commission, to understand how these controls will be applied in the EU Member States, focussing on those products that didn't previously require certification. We will provide targeted communications for the parcel delivery sector when we have heard back.

[13] The Government must resolve the issues with Great Britain to EU groupage transport. We urge the Government to also promote understanding within parcel delivery companies about trade in food and agricultural produce under the TCA. (Paragraph 65)

The Government is working with industry to establish whether new logistics hubs in England will support suppliers to consolidate and group exports of agri-food products sent to the EU. This will help with the consolidation of loads and help reduce the total number of certificates needed for each load.

The Government has secured agreement from the European Commission to use pallet level seals and certificates of non-manipulation which will support the ongoing export of mixed loads. We are seeking to trial these approaches with certain EU member states prior to making additional guidance available to exporters and hauliers.

The Government is also working with the postal sector to understand and resolve any outstanding issues relating to Brexit and is continuing to support businesses across sectors to adapt to the new trading arrangements with the EU. The Department for International Trade has a specific role to support UK exporters and it invites exporters to report barriers affecting their business, so it can help fix them.

[14] The perishability of food and agricultural produce means that delays at the border can be particularly costly. EU exporters to Great Britain will not encounter these barriers and costs until the Government introduces its border controls. This might make EU border control officials more amenable to a change in practices on Great Britain's exports. We urge the Government to continue monitoring the situation closely and act quickly to resolve issues that cause delays. (Paragraph 72)

The Government notes the unique set of difficulties presented by perishable goods. The feedback from engagement to date is that the situation has improved dramatically since the new year. In order to help businesses, adjust to the new trading arrangements and recover from the effects of the Covid-19 pandemic, the Government announced a further delay to the introduction of import border controls.

The Government maintains a number of technical fora for the discussion and resolution of technical border issues, including SPS issues. The Border and Protocol Delivery Group works actively alongside Member State officials through technical meetings and a series of “Border Facilitation Committees” to both hear from industry directly and work toward solutions with administrations. Through these meetings we will continue to encourage the EU to take a pragmatic approach that reflects the history of trade between us, and to monitor and resolve issues that emerge.

[15] We recommend the Government raise two issues in the Trade Specialised Committee on Sanitary and Phytosanitary Measures: the consistent application of rules at border control posts, and the designation of EU ports to receive live animals. (Paragraph 73)

The issue of consistency across EU Member States remains a priority for the Government’s engagement with EU Member States. The EU allows for flexibility in approach at a national and regional level which explains some of the discrepancies reported. That said, the Government is in active discussions with the relevant authorities in Member States about this matter and is carefully considering which issues we should seek to raise at the Specialised Committee on Sanitary and Phytosanitary Measures.

The designation of ports to receive live animals is a commercial decision on the part of port operators in the EU. The relevant EU Member State competent authority will need to endorse the application and inspect and run the facilities, but the initial application must come from a commercial operator. It is therefore outside of the scope of UK engagement work with EU Member State officials.

[16] The Government must ensure HMRC has sufficient resource to advise businesses on export issues, including for both back-office functions and customer-facing offices as close to traders as possible. (Paragraph 74)

The Government’s original concerns around possible significant traffic disruption from 1 January 2021 have not developed as originally expected and contingencies which were developed to mitigate disruption to the flow of goods and delays at the border were not required. However, these will be kept under review. Overall border flow at UK ports has stabilised. However, it should be noted that we have seen challenges around the readiness of exporters to meet new requirements, manifested by some delays either in the UK or EU. The Government is monitoring the situation closely and will continue to act quickly to resolve issues that cause delays.

Many businesses have adapted well, and our focus is now on ensuring that any business that is still facing challenges gets the support it needs to trade effectively with the EU.

The Customs & International Trade (CIT) Helpline is available to export customers for help and support in relation to general export queries. Exporters requiring further support at the border can contact the National Clearance Hub, which supports border movements and operates 24/7. HMRC have established a bespoke Account and Technical Management Team that can offer support to export customers with more complex and/or large customs arrangements. Recognising that not all customers are comfortable using GOV.UK, in the next few weeks we will be mobilising a customer education and support campaign. Initially focussing on SME/micro business, the campaign will provide practical help and support from Customs professionals around readiness for border trading, including exports.

HMRC are continuing to support traders adjust to changes in their customs obligations following the end of the transition period, with extensive engagement and communication campaigns, guidance, and educational resources, working in collaboration with other government departments. On 15 March, HMG launched the SME Brexit Fund to support small and medium enterprises (SMEs) who are new to importing and exporting processes. SMEs can apply for grants up to £2,000 per organisation to fund practical support including customs training, rules of origin and VAT aspects of imports and exports. Additionally, SMEs can use the grant to seek professional advice in these areas. Further, over £80m of financial support has been made available to help the customs intermediary sector in scaling up. This includes grant funding for customs IT, training, and recruitment of new staff. In addition, we have created an intermediary register on GOV.UK to help traders find an agent. This has a list of intermediaries that traders could use and shows which are taking on new clients, and the services offered.

[17] If workable arrangements cannot be found soon for the movement of food and agricultural produce from Great Britain to Northern Ireland the potential impacts on Northern Ireland's consumers — as well as the political implications — will be acute. All parties should continue to focus on finding solutions so that goods can be moved as smoothly as possible. We trust that Lord Frost will recognise the urgency of the situation for Northern Ireland. (Paragraph 80)

The Government has repeatedly made clear to the EU the importance that the Northern Ireland Protocol is operated in the pragmatic and proportionate way intended, taking account of the Belfast (Good Friday) Agreement in all its dimensions, including East-West and North-South. Lord Frost recently travelled to Northern Ireland to meet with businesses and hear first-hand about the challenges they have faced as a result of the requirements of the Protocol.

The Government remains committed to working through the issues rapidly with the EU to find solutions that will ensure that trade continues to flow smoothly and

minimise the impact of the Protocol on everyday lives and livelihoods in Northern Ireland.

The Government has introduced a wide range of measures designed to support businesses moving goods from Great Britain to Northern Ireland, including the Movement Assistance Scheme, Trader Support Service, and Digital Assistance Scheme.

The Movement Assistance Scheme (MAS) sits within a wider package of readiness measures to support agri-food suppliers moving goods from GB to NI under the terms of the NI Protocol. MAS provides support to traders moving agri-food commodities as well as equines from GB to NI. It provides advice and guidance on what the new requirements are and what needs to be done to satisfy them, in addition to providing a charging remuneration scheme that waives and/or covers the direct certification costs traders are incurring as a result of the new requirements (this includes transit to NI via the Republic of Ireland).

Originally, the scheme met the direct costs associated with the production of Export Health Certificates, Phytosanitary Certificates and Plant Health Exports Audited Trader Scheme (PHEATS) certificates. Following a review, we were pleased to expand the scheme to include three more certificate types, certification for Prohibited and Restricted chilled meat products, Organic Certificates of Inspection and High Risk Foods not of Animal Origin certification. We will continue to review the further inclusion of additional agri-food certification costs. Items currently under review are costs related to Support Health Attestations; and Support to meet indirect costs.

MAS will also continue to provide traders with advice and guidance via the dedicated MAS helpline and financial support for certain certification costs. We continue to monitor the performance of the scheme and will review it again to determine how best to provide ongoing support to traders.

The Government has also established the free-to-use Trader Support Service (TSS) to support all traders impacted by the Northern Ireland Protocol. Businesses moving goods into Northern Ireland can register with the service for guidance on the new processes under the Protocol and to enable the TSS to support them by completing declarations on their behalf.

The Digital Assistance Scheme (DAS) has been established to support the continued movement of agri-food goods and live animals from Great Britain to Northern Ireland by developing simplified digital systems for the completion of the required certification and verification processes. Defra is working closely with DAERA and industry to develop the scheme.

In addition to these support measures, we have also worked with industry and DAERA to find practical solutions to challenges raised, such as on groupage, where we trialled and implemented new solutions at the start of this year.

However, the Government very much recognises the importance and urgency of finding ways forward to resolve the issues facing the agri-food sector as a result of the requirements of the Protocol. That was demonstrated in March when we took several temporary operational steps to ensure that critical goods flows continued. Since then we have engaged in discussions with the Commission to find solutions across the full range of issues identified with the Protocol, including those that concern agri-food movements.

Fishing

[18] The ability to export fish and seafood products to the EU tariff-free is vital to the prosperity of the UK's seafood sector, and we welcome the fact that the TCA achieves this. But this outcome is undermined by other serious shortcomings. (Paragraph 101)

[19] The Government asserts that UK fishers will have access to 25 per cent more quota in five and a half years' time: independent analysis suggests that the UK's share of the quota in its own waters will in fact increase by 16.6 per cent. (Paragraph 102)

The Trade and Cooperation Agreement provides for a significant uplift in quota for UK fishers, currently estimated to be worth around £146m for the UK fleet. This is equal to 25% of the value of the average annual EU catch from UK waters and will be phased in over five years. To clarify, this is a comparison between the estimated value of the uplift in quota and the value of the average annual EU catch from UK waters (which includes quota and non-quota species) and based on 2018 values.

The seafood exporting process to the EU is taking longer than pre-EU exit. In response, Defra established the Seafood Exports Working Group to monitor live issues across the UK and work with industry on responses to minimise disruption to trade flows. The Scottish Seafood Exports Taskforce has also been established to address medium and longer-term export issues faced by Scottish traders of seafood.

In addition, the Government committed up to £23m to support seafood businesses affected by changes to export requirements and the impact of COVID-19. The seafood sector will also benefit from a further £100m of investment to rejuvenate the industry and our coastal communities. This is in addition to the £32.7m announced at the Spending Review, which is equivalent to the average amount delivered under the European Maritime and Fisheries Fund (EMFF) and meets our manifesto commitment to maintain fisheries funding.

This will enable all parts of the UK, including the Devolved Administrations, to fund data collection, control, and enforcement activities and to run their own funding schemes tailored to the needs of their sectors. The scheme for England – the Fisheries and Seafood Scheme (FaSS) – opened on 6 April and will initially help businesses adapt to the new export conditions and recover from the impacts of Covid-19.

[20] The species whose quota will increase are not necessarily those of value to the UK fishing industry and will benefit some parts of the sector more than others. The industry will need to adapt as the quota adjustments take effect. (Paragraph 103)

The UK fishing industry is diverse. It ranges from large vessels capable of fishing deep sea stocks and Arctic waters to small vessels which fish inshore areas by handline. While some vessels may have to adapt to make best use of the new opportunities, there is high demand from all parts of industry for the additional quota the Government has secured.

[21] When conducting future quota negotiations with the EU, the Government should consult with industry and devolved administrations to ensure that they are prioritising appropriate stocks. In the meantime, the quota gained through the TCA settlement should, as far as possible, be distributed to support those parts of the sector that would otherwise benefit less from the overall deal, such as inshore fishers. (Paragraph 104)

The Government regularly meets a wide range of stakeholders from the fishing industry, to ensure their priorities are understood and that they have an opportunity to offer views on future UK negotiating positions.

On 24 March, following consultation late last year, the Government announced how the additional quota would be apportioned between UK administrations. It is for each devolved administration to decide how to distribute their share. The announcement of how England's share will be distributed was published on 14 April.

[22] In light of ministerial statements during the future relationship negotiations, we were surprised that the TCA grants EU vessels fishing access to parts of the UK's 6–12 mile zone. We acknowledge this is a politically contentious subject but urge the Government to explore ways to reduce EU fishers' access to the UK's coastal waters while ensuring they are still able to catch their full quota. (Paragraph 107)

As the report acknowledges, this was a challenging negotiation and compromises were made on both sides. The TCA provides for limited access to specific areas of

the UK 6-12 nautical mile zone until the end of the adjustment period (30 June 2026). Access will be limited to the southern North Sea, English Channel, Celtic Seas and Bristol Channel and to qualifying vessels namely those vessels that have historically accessed the UK 6-12 nautical mile zone with a demonstrable track record of fishing between 2012-2016. After the end of the adjustment period, access will be a matter for annual negotiations.

[23] The UK fishing fleet is heavily dependent on exporting to the EU market, and thus has to balance its need to export with its desire to acquire more fishing rights. (Paragraph 111)

Under this deal, the UK's sovereign control of its waters is recognised from 1 January 2021. There is an adjustment period lasting 5 and a half years to allow fleets on both sides time to adapt to the new arrangements. During this period there will be continued reciprocal access to each other's waters at levels commensurate to each party's share of fishing opportunities and, for non-quota stocks, at historic levels.

[24] While the Fisheries Minister highlighted the importance of tariff-free access for the fisheries sector, the Secretary of State prioritised control over the UK's fishing waters. Both are important considerations, but their juxtaposition contributes to mixed messages being received by the fishing industry over whether the Government will seek to further reduce the EU's ability to fish in UK waters after the adjustment period. (Paragraph 112)

At the end of the adjustment period, access will be subject to annual negotiations alongside fishing opportunities, as is typical for independent coastal States around the world. The UK will determine access to fish in UK waters.

[25] There is no doubt that the safeguarding measures in the TCA will be a serious barrier to any unilateral reform of access to UK fishing waters. No reform should be considered without full consultation with the whole fishing supply chain, including fishers and those who process, market, and export their produce, and with the devolved administrations. (Paragraph 113)

The Government regularly meets a wide range of stakeholders from the fishing industry, to ensure their priorities are understood and that they have an opportunity to offer views on future UK negotiating positions, including those on access to UK fishing waters.

[26] Quota swaps have, in recent years, been an essential and mutually beneficial management tool for supporting sustainable fishing in mixed fisheries and are vital to the functioning of both UK and EU fisheries. We greatly regret that the TCA has not maintained arrangements for swaps

between producer organisations. The Government should seek to agree a process for in-year quota exchanges with the EU as a matter of urgency and should seek to make that process as responsive and flexible as possible. (Paragraph 117)

The Government recognises the importance of flexibility in quota management and the TCA does provide for an in-year exchange mechanism. This is to be established by the Specialised Committee on Fisheries. Until that time producer organisations are able to do domestic quota swaps within the UK as normal. Quota exchanges may also be negotiated annually.

[27] Some of the difficulties the fishing industry is experiencing with exporting products to the EU are probably ‘teething problems’ which can be solved with familiarity and guidance. We welcome the Minister’s efforts across the sector, Government and with Member States to resolve these, and urge the Government to maintain financial support for the sector while these initial challenges remain. (Paragraph 124)

One of the actions taken was the delivery of a £23 million package of financial support to help businesses affected by COVID-19 and new export requirements. The majority of these payments have now been made and we expect to complete all payments by the end of May 2021.

To help longer term adaptation, the Government allocated £32.7 million in 2021/22 to support the UK seafood sector, meeting its manifesto commitment to maintain fisheries funding. This will enable all parts of the UK, including the Devolved Administrations, to fund data collection, control, and enforcement activities and to run their own funding schemes tailored to the needs of their sectors. The scheme for England – the Fisheries and Seafood Scheme (FaSS) – opened on 6 April and will initially help businesses adapt to the new export conditions and recover from the impacts of COVID-19.

An additional £100 million has been allocated to help rejuvenate the industry and coastal communities across the UK. It will be used to invest in: modernising and expanding infrastructure; the science and data needed to ensure a sustainable sector; and the training required to ensure the workforce has the capacity, skills and expertise required for a thriving and prosperous industry

[28] But other difficulties facing the fishing industry are the direct result of the UK’s withdrawal from the EU and its new status as a third country, and thus represent unavoidable, long-term impacts on the sector. These new challenges disproportionately affect smaller fishing operators. (Paragraph 125)

The support and advice provided by government through the Seafood Exports Working Group and Scottish Seafood Exports Taskforce has been available to companies of all sizes. Smaller operators have also benefitted from the £23m funding package and will be eligible to bid for the longer term funding schemes.

[29] Ensuring the long-term health and sustainability of fishing waters is necessarily a joint endeavour. We welcome the ongoing cooperation between UK and EU fishing regulators and encourage all parties to maintain that cooperation to support sustainable and law-abiding fishing in both UK and EU waters. (Paragraph 128)

[30] We urge both the Government and the European Commission to establish the Specialised Committee on Fisheries swiftly, and to ensure that its work is informed by scientific expertise, the fishing industry, and civil society. It is also important that the devolved administrations have direct influence on the Committee's work. (Paragraph 132)

The UK-EU Trade and Cooperation Agreement provides for a number of Specialised Committees which sit underneath the Partnership Council. The Specialised Committee on Fisheries will provide a forum for discussion and co-operation in relation to sustainable fisheries management and the Government will draw on a wide range of evidence in preparing for these meetings. We are completing the annual fisheries consultations for 2021 and expect the Specialised Committee on Fisheries to meet soon now that the TCA has been ratified. Planning for the first meeting is well underway and the Government is carefully considering which issues we should seek to discuss at the first meeting

[31] We welcome the Minister's commitment to provide statements to the House both before and after the annual Total Allowable Catch (TAC) negotiations, but it is vital that such high-level statements are supplemented by expert parliamentary and select committee scrutiny. (Paragraph 133)

The Government will continue to provide regular updates to Parliament on progress in annual negotiations, as well as working with the relevant scrutiny committees.

Environment and climate change

[32] We are glad that the Government and the EU were able to find compromises on the environment and climate change Chapter of the TCA, though we share the concerns voiced by witnesses about the enforceability of some provisions. (Paragraph 147)

The Government has agreed a fair and balanced set of arrangements with the EU. The agreement recognises our ongoing commitment to high environmental

standards, whilst retaining flexibility for us to tailor our approach for the UK and maintaining our strong levels of protection. This protects our sovereignty, while reinforcing our role as a global leader in environment and climate policy.

These arrangements are typical of the sort you find in other international Free Trade Agreements (FTAs) and will ensure that both parties retain full legislative autonomy, while also providing reasonable assurances that both sides will not engage in aggressively anti-competitive practices in a way that distorts trade between each other.

These areas are subject to a bespoke dispute settlement mechanism involving consultation and input from a panel of experts, which again follows the precedent of many recent FTAs. There is no role for the CJEU in any arbitration procedure which reflects the UK's status as an independent, sovereign nation.

[33] The TCA negotiated by the Government will affect the policy choices available to devolved administrations and legislatures in areas of devolved competence including the environment. There are already diverging environment and climate change goals across the UK, which could indicate challenges ahead. We urge the Government to address any concerns raised by the devolved administrations regarding the TCA's environment and climate change provisions—via the Common Frameworks programme or other routes—as fully and promptly as possible. (Paragraph 148)

The UK's international relations are a reserved matter for the UK Government acting on behalf of the whole UK. In order to monitor and manage issues arising from the implementation and operationalisation of the TCA, we will be maintaining a range of working structures that ensure close engagement and collaboration across all the Devolved Administrations.

Common Frameworks will prove a critical tool in managing any future policy and legislative differences and will operate on the basis of agreement between the four UK administrations.

[34] We welcome the inclusion of climate change as an essential element in the TCA, which reflects the fact that addressing climate change is the most serious challenge of our time. We urge the Government to seek similar commitments in the trade agreements it negotiates with other international partners. (Paragraph 152)

As the report notes, the TCA reflects the importance that both parties place on tackling climate change by making the fight against climate change an essential element of the agreement.

The Government is negotiating further FTAs with a number of countries around the world, all of which will help us work with our trading partners to tackle climate change. Negotiations with each trading partner are context specific. However, in all agreements we are seeking provisions that support and help further the Government's commitments on climate change and achieving net zero emissions by 2050, including promoting trade in low carbon goods and services, maintaining both parties' right to regulate in pursuit of decarbonisation, and affirming our commitment to implement the Paris Agreement.

[35] It is in the UK and EU's mutual interest that levels of environment and climate change protection are maintained. We are glad that there is provision for temporary remedies should there be breaches of the non-regression provisions. We urge the Government to dedicate appropriate resource to monitoring non-compliance with Article 7.2(2) in the EU and engage with the European Commission constructively on cases of suspected non [1] compliance. (Paragraph 159)

The UK already has in place some of the highest environmental standards in the world and the Government has no intention of weakening or lowering those standards. The UK will use the TCA committee structure to monitor EU implementation and engage with the Commission on any issue of suspected EU non-compliance, including through the Dispute Resolution Mechanisms of the TCA if necessary.

[36] Although the TCA requires arrangements to be in place for the domestic enforcement of environmental law, UK and Welsh Governments have not yet established new domestic enforcement mechanisms. We are deeply disappointed that the statutory basis for the Office for Environmental Protection is still not in place and call on the Government to progress this as a top priority. (Paragraph 163)

The Government is committed to fulfilling its TCA obligations. Although passage of the Environment Bill has been delayed, work is underway to ensure the Office for Environmental Protection (OEP) starts operations as quickly as possible. We recently appointed the Chair-designate and in the meantime, we have established interim environmental governance arrangements which includes a team to receive complaints about alleged failures of public authorities to comply with environmental law.

By July the OEP will be set up in an interim, non-statutory form, providing independent oversight of the UK Government's environmental progress and accelerating the foundation of the full body. Both arrangements will also be receiving complaints about suspected breaches of environmental law in Northern Ireland. The Welsh Government has also set out its intention to establish a Commission for the

environment and has appointed an interim complaints assessor. In Scotland, Environmental Standards Scotland is currently operating on a non-statutory, interim basis.

This means that there will be no gap in terms of the public's ability to make a complaint about an alleged breach of environmental law.

[37] Environment law will be more effectively enforced if the UK's supervisory authorities cooperate closely with one another and with the European Commission. We urge them to enter into this cooperation openly and with the goal of ensuring the maximum level of protection for the environment. (Paragraph 164)

Environmental protection and enforcement of environmental law is of utmost importance. The Agreement provides for the UK and EU to cooperate on the effective monitoring and enforcement of their respective environment laws. The Government is considering the precise arrangements for such cooperation to ensure that this delivers an open and constructive dialogue and that the relevant bodies and expertise are involved from across the UK.

[38] We welcome the fact that the rebalancing measures help mitigate the threat of competitive disadvantage that could otherwise have limited the Parties' ambitions on environment and climate change protections. There are policies—especially in relation to climate change—where the UK's progress exceeds the EU's. (Paragraph 169)

The Government expects that the rebalancing mechanism in the TCA will only be used as a last resort in the event of significant divergence which has a material impact on trade. However, as the report sets out, the UK has in place some of the highest environmental standards in the world, exceeding the EU in our ambitious targets for tackling climate change. The Government expects that both Parties will act responsibly and appropriately in implementing the Agreement.

Energy and carbon pricing

[39] For energy policy especially, success of the TCA depends critically on implementation and further negotiation. The UK and EU should, where possible, jointly set out their ambitions, processes, and timetables for delivering the TCA's energy and carbon pricing commitments. We urge the Parties to proceed with the necessary resources and goodwill to ensure timely and positive outcomes. (Paragraph 188)

The Energy Title of the TCA sets out a clear timetable for the implementation of efficient electricity trading arrangements at the day-ahead timeframe, in particular (1)

for UK and EU TSOs to produce a cost benefit analysis and outline of proposals for technical procedures by 1 April this year, (2) for UK and EU TSOs to submit a proposal for technical procedures by 1 November this year, and (3) entry into operation of the trading arrangements by 1 April 2022.

The Government and the EU issued joint letters to our respective TSOs on 22 of January asking them to develop draft technical procedures for calculating and allocating transmission capacities to ensure efficient trade over electricity interconnectors. We have also received the cost benefit analysis and outline proposals that the TSOs have jointly produced, and we're assessing this material together with the EU. We are already working closely with the EU to ensure timely implementation of these new arrangements.

Under the TCA we also agreed to cooperate with the EU on carbon pricing and to give consideration to linking with the EU Emissions Trading Scheme (ETS). We will be taking forward these commitments with the EU in due course.

[40] We welcome the Nuclear Cooperation Agreement agreed between the UK and Euratom, which provides an underpinning for civil nuclear cooperation in the future. (Paragraph 189)

The Nuclear Cooperation Agreement implements long-term arrangements in the field of peaceful uses of nuclear energy, which take into account the needs of their respective nuclear energy programmes and which facilitate trade, research and development and other cooperative activities between the United Kingdom and the Community.

[41] We share the energy industry's concern that the termination clause could undermine investor confidence in large energy projects. It is in the interests of both the UK and EU to maintain close energy cooperation further into the future, and swiftly to implement the TCA's energy and carbon pricing provisions in the meantime. (Paragraph 194)

It is entirely normal for international agreements to contain termination clauses - the reason why parties enter into agreements in the first place is because they provide mutual benefits. The agreement on energy is beneficial to both the UK and the EU in helping achieve our respective climate change ambitions, making energy more affordable for consumers and in supporting security of supply.

The Government are working closely with the EU to ensure cooperation mechanisms are established and to implement the TCA's energy provisions in line with the TCA milestones. We are pleased with progress so far and are confident that both the UK and the EU will continue to see the benefits of energy cooperation over the next few

years. We are also taking forward the provisions on carbon pricing cooperation as agreed.

[42] The Secretary of State's assertion that the EU was unlikely to link energy and fishing negotiations in the future was somewhat undercut by his acknowledgement that the EU introduced such a linkage into the TCA. (Paragraph 195)

The fisheries heading is a separate heading within the overall Trade and Cooperation Agreement. There is no direct link made between the end of the adjustment period for fisheries and duration of the energy heading.

The fisheries heading does provide that in the event of a dispute over compliance with the fisheries heading of the agreement, the complaining Party may suspend preferential tariff treatments on fishery products. Theoretically, a Party can suspend further obligations under the Trade and Economic Partnership headings if the suspension of obligations in the fisheries space is not sufficient to balance the impairment caused by the alleged non-compliance of the other Party, but any suspensions must be strictly proportionate to the economic and societal impact of the alleged failure, so this prospect is very limited in practice.

Finally, if either Party terminates the fisheries heading then the Trade, Aviation and Road Transport headings which include energy would also cease to apply.

[43] We are concerned that consumer electricity prices could increase due to the inefficiency of the initial cross-border electricity trading arrangements between Great Britain and continental Europe and the island of Ireland, and the uncoupling of Great Britain's two power exchanges. The Government, Ofgem, and Northern Ireland's Utility Regulator should monitor closely for price rises and consider taking mitigating actions if necessary. (Paragraph 199)

The Government is committed to developing and implementing robust and efficient electricity trading arrangements and is taking the relevant steps in ensuring the necessary cooperation between the relevant electricity market operators required. In the meantime, the Government and UK regulators will continue to closely monitor the effects of the uncoupling of Great Britain's two power exchanges and the efficiency of the interim cross-border electricity trading arrangements.

[44] The Government should explore options for recoupling Great Britain's two power exchanges while the new day-ahead trading arrangements—which should resolve this issue—are being developed. (Paragraph 200)

Cooperation between Great Britain's two power exchanges, in their role as relevant electricity market operators, is necessary for the efficient and secure design, implementation, and operation of new electricity trading arrangements. In the past, efficient implicit cross-border capacity allocation has relied on the cooperation of the relevant electricity market operators in GB which enabled a de-facto single price for the relevant GB day-ahead markets. The Government considers that similar cooperation arrangements between the relevant electricity market operators in GB would be appropriate to facilitate the implementation of the TCA and that such arrangements should be developed at the earliest opportunity.

Whilst developing the new day-ahead trading arrangements, the Government and UK regulators will continue to work closely with transmission system operators and relevant electricity market operators.

[45] We welcome the fact that the TCA envisages a return to more efficient day [1] ahead cross-border electricity trading arrangements. It is disappointing, though perhaps expected, that these will be less efficient than the EU Internal Energy Market's trading mechanisms and could affect consumer prices. We urge the Government and other involved parties to develop the new arrangements with urgency. (Paragraph 206)

The TCA provides for new efficient electricity trading arrangements over the interconnectors. As agreed in the TCA and the timetable set out, the technical details of the day ahead trading model will be developed by system operators this year before the model goes live in 2022. We are engaging extensively with UK industry and stakeholders to ensure they prepare for the development and implementation of the new arrangements. We and our European partners are currently reviewing the Cost Benefit Analysis and outline proposals for this trading model jointly developed by UK and EU system operators. They will subsequently consult on and submit a proposal for the technical procedures by 1 November.

[46] We urge the Government and the EU to focus on improving cross-border electricity trading arrangements across the market timeframes, and to provide guidance through the Specialised Committee on Energy on the current position and future plans for cross-border balancing services. (Paragraph 209)

The Government are engaging extensively with UK industry and EU partners to ensure the timely development and implementation of efficient cross-border electricity trading. We have requested via a formal letter to TSOs that the draft technical procedures should address capacity calculation and capacity allocation on all relevant timeframes.

The Government recognises the importance of ensuring the relevant aspects of the TCA are delivered through the formal processes set down in the Treaty and will work

closely across Government and with our EU partners to ensure the Specialised Committee on Energy is established now the TCA has been ratified.

[47] We share the view of industry and environmental groups that the UK and EU should prioritise linking emissions trading systems and should jointly set out a timeline for the discussions. This is an opportunity—which the Government should take—to show global leadership on climate change ahead of COP26. We hope that the EU’s proposal for a binding ‘net zero’ objective will be passed, allowing any linkage of the two schemes to be aligned with that objective. (Paragraph 214)

The Government understands the desire from UK stakeholders for clarity on this issue. We recognise that cooperation and dialogue on carbon pricing, including by considering linking, will continue to be important as we strive to reach our ambitious climate targets. We will be taking forward our commitments in the TCA to cooperate on carbon pricing and to consider linking with the EU ETS. We are also open to linking the UK ETS internationally and we are considering a range of options.

[48] We welcome the TCA’s provisions on cooperation on renewable energy in the North Sea, given the importance of this area to decarbonisation. We nonetheless regret that the TCA does not provide for UK participation in the existing North Seas Energy Cooperation initiative. We urge the Government to seek such participation and hope the Parties will cooperate closely in the meantime. We also support close cooperation between the Parties on renewable, sustainable energy beyond the North Sea. (Paragraph 219)

Realising the energy potential of the North Sea is central to both the UK’s and the EU’s decarbonisation plans and enabling cooperation on North Sea energy cooperation has been a priority for the UK in negotiations. In the TCA, we have secured a commitment to create a specific forum for technical discussions, covering key UK interests such as hybrid and joint projects, sharing best practices on respective onshore and offshore grid planning, and the sharing of information on new technologies. We are now taking the establishment of this forum forward as a priority with the EU and are pressing the EU to ensure efficient cooperation mechanisms are established as soon as possible. The EU will remain a close partner on climate change, and we will continue to work closely to advance our shared decarbonisation goals.

Chemical regulation

[49] Tariffs and trade quotas would have been a substantial barrier for the UK chemicals sector given the amount of trade it does with the EU, so we welcome their absence from the TCA. (Paragraph 227)

[50] The Secretary of State's suggestion that chemical companies may be willing to share substance data without significant cost ignores the situation the industry has been describing throughout the Brexit process. The Government cannot act in the interests of the chemicals industry unless it acknowledges the challenges it faces. (Paragraph 232)

Securing a trade agreement with the EU was a key priority for the sector. The agreement removes the vast majority of the £1bn per annum tariff costs that the sector would have faced in a non-negotiated outcome and has been welcomed by industry.

The Government does understand that the transition to UK REACH presents challenges to industry, particularly regards to negotiating access to the data they need to support a registration for the GB market. The costs associated with this will vary depending on the ease and extent to which the company in question can obtain the data, which will be a matter of commercial negotiation.

In developing UK REACH, we have put in place a range of measures to minimise the burdens and costs for businesses. This includes extending the timelines for supplying the data that underpins registration dossiers under the transitional provisions. These extended timelines allow industry more time to adapt and comply with UK REACH and to spread costs over a longer period.

In February, the Government received a letter from a number of chemical trade associations, addressing concerns around the additional costs and administrative burdens of UK REACH and making a proposal for how these might be addressed.

We are considering this proposal and continue to engage with industry on these issues through a working group which is meeting weekly. In addition, Defra and industry have both held separate meetings with NGOs. We are committed to working towards a practical solution which supports businesses interests, safeguards environmental standards, and protects consumers.

[51] Divergence between the UK and EU REACH systems would increase compliance costs for the UK chemicals sector. In exercising its new sovereignty, we urge the Government to avoid divergence for divergence's sake. (Paragraph 233)

UK REACH retains the fundamental approach and key principles of EU REACH, ensuring a high level of protection of human health and the environment. We will not take divergent decisions for the sake of it. However, it would not be appropriate to automatically implement future EU decisions under UK REACH. We can take their decisions into account, but we will need to consider in each case whether they are

right for GB, taking regulatory decisions based on robust science and the best available evidence.

UK REACH will allow us to identify the most pressing priorities in GB and to introduce restrictions that best reflect the specific circumstances in GB, based on GB-specific assessment of risk and the socioeconomic case for change.

We will continue to engage closely with industry and monitor impacts on businesses and supply chains.

[52] The fact that institutional data sharing on chemical regulation was not agreed through the TCA is a necessary consequence of the UK's withdrawal from the EU Single Market and the Government's decision not to commit to aligning with EU REACH in the future. Although the chemicals industry is keen to find an alternative way towards a data sharing agreement, the positions taken by the UK and the EU suggest that such an outcome is unlikely. (Paragraph 238)

[53] We call on the Government to monitor how many substances are registered with UK REACH over the coming months, to publicly report how these registrations compare to the number of substances already registered with EU REACH, and to set out what actions it will take if it appears that the new regime will result in fewer substances being available for use in the UK. (Paragraph 239)

The UK's proposal for a chemicals annex included an arrangement to share REACH registration data. We worked closely with UK and EU industry in developing this proposal and recognise the benefits it could deliver. Unfortunately, it was not possible to reach agreement with the EU on this area. The EU did not wish to progress discussions, as it has taken the position that access to this data is only for members of the Single Market. Any opportunity for a data sharing agreement in the future would require the EU to change their very clear position on the matter.

We will publish details of UK REACH registrations in due course. We will also report on UK REACH as set out in legislation. This requires that the HSE must produce a report on the operation of UK REACH by 1 April 2022 and the Secretary of State must produce a general report by 1 April 2023. The number of chemicals registered will reflect commercial decisions by suppliers and demand within the GB market.

Healthcare

54. We welcome the replacement healthcare arrangements that the Government has established, and the reassurance this will provide for UK citizens when they travel, particularly those with long-term health conditions.

We support the Government's objective of extending those arrangements to EEA countries and Switzerland. (Paragraph 252)

As acknowledged by the Committee, the agreement that the government has reached with the EU means that reciprocal healthcare arrangements continue. UK residents are covered if they need urgent healthcare when in an EU Member State and the arrangements ensure that all those with long term conditions will continue to be able to benefit from necessary healthcare in the EU. Eligible pensioners, frontier workers and certain other groups – and their family members - will also continue to have their healthcare costs covered by the UK should they move to the EU; and people will be able to access planned healthcare, when pre-authorized, in the EU. Current European Health Insurance Cards (EHICs) remain valid until the expiration date on the card and so do not need to be replaced immediately. Once it has expired, they can be replaced with a new Global Health Insurance Card (GHIC) issued by the Government.

As the EU UK Trade and Cooperation Agreement does not cover Switzerland or the EEA EFTA States, the Government is currently negotiating new arrangements on social security coordination with these countries that would further extend reciprocal healthcare cover. Negotiations are progressing well.

Until a new agreement is in place, the UK and Norway will apply, on a temporary basis, an amended version of the 1991 Convention on Social Security and Protocol on Medical Treatment between the Governments of the UK and Norway. A UK national ordinarily resident in the UK can use a UK passport to access state provided medical treatment that may become necessary during a trip to Norway.

55. It is beneficial for the UK's pharmaceutical and manufacturing industries that the TCA allows tariff-free export of medicines and medical devices to the EU. (Paragraph 259)

56. While mutual recognition of Good Manufacturing Practices is helpful for the medical industry, it is disappointing that such recognition has not been extended to other regulatory processes such as batch testing. We note that the EU has reached mutual recognition agreements with other third countries and urge the Government to seek a similar agreement. (Paragraph 260)

As the Committee is aware the UK proposed a mutual recognition agreement on batch testing during the TCA negotiations. Unfortunately, the EU rejected this proposal and were clear that this was not an option they were willing to consider. The Government is therefore focussed on implementing the deal that we have and supporting industry to prepare for the end of the standstill period.

On 16 March 2021 the Government announced the introduction of a two-year notice period before any changes to the current position of unilateral recognition of EU/EEA batch testing and will conduct a comprehensive review of the future batch testing strategy for the UK. The two-year notice period will be triggered once this review is complete, which will be no later than the end of December 2022. This means that industry can continue to focus efforts on responding to the pandemic and will have two years notice from the point in which the future model for batch testing in the UK is announced to prepare for those changes.

The review will comprehensively engage industry and wider stakeholders in order to develop a considered future strategy for batch testing. The Government wants to ensure that we carefully consider the impacts that any changes to the UK's batch testing requirements will have on all parts of the life science sector and the continued supply of medicines to the UK. We will engage widely with the sector to test and evaluate potential strategies for UK batch testing. This will include consideration of novel and innovative approaches to complement the ongoing work by the Medical and Healthcare products Regulatory Agency (MHRA) to ensure it remains a world-leading innovative regulator.

The Government continues to work with industry to maximise the opportunities of EU exit and develop a forward-thinking, ambitious regulatory regime for medicines in the UK, of which batch testing plays an important role. It should also be noted that batch testing results for human medicines are currently accepted from the following countries: Australia, Canada, Israel, Japan, New Zealand, Switzerland, and United States of America in accordance with the current MRAs in place.

57. We welcome the grace period that the Government has secured to allow businesses time to adjust their supply routes to accommodate the post-Brexit application of the Falsified Medicines Directive in Northern Ireland. We also welcome the Government's continuing engagement with the sector: if disruption once the grace period has elapsed is to be minimised, it will be essential to explore the alternative possibilities mentioned by the Minister, such as bonded warehouses and cabotage. (Paragraph 266)

The Government recognises the key importance of this issue and has been engaging intensively on it with industry and the EU. Since the start of the grace period, DHSC, the Medicines and Healthcare Products Regulatory Agency (MHRA) and the Department of Health (Northern Ireland) have been working closely with industry to assist with their preparations in adapting to the requirements of the Protocol and to support the availability of medicines for patients in Northern Ireland. We remain in ongoing discussions with the EU to urgently find solutions that will help ensure that the supply of medicines to Northern Ireland remains uninterrupted.

The Government announced £400m of new money guaranteed in a 'New Deal for Northern Ireland' on 10 December 2020. This is designed to help boost economic growth, increase Northern Ireland's competitiveness, and invest in infrastructure. As noted in the Command Paper published on the same day, we will support the pharmaceutical industry to make any long-term changes it needs so supply chains can adapt to the requirements of the Protocol, such as support for the delivery of additional warehousing capacity in Northern Ireland, if appropriate.

The Government is committed to working closely with industry in Northern Ireland to cement the whole UK's position as a world leader in life sciences. This will help ensure patients continue to benefit from cutting-edge treatments.

58. We are encouraged that the Government was prompt to request access to the Early Warning and Response System in relation to the COVID-19 pandemic, and that the EU was equally swift to grant that access. This bodes well for future cooperation on monitoring cross-border health threats. To ensure transparency on the use of this measure, we urge the Government to make a statement to both Houses whenever such a request is made, and to confirm whether or not it has been granted. (Paragraph 269)

The health security arrangements agreed between the EU and the UK as part of the TCA support effective cooperation and information sharing on serious cross-border threats to health. This is of particular importance in the context of Covid-19, where the UK's ongoing access to the Early Warning and Response System (EWRS) is currently supporting the sharing of information with EU Member States on our respective responses.

The UK is fully committed to openness and transparency in relation to public health incidents and our management of them. The Government regularly updates Parliament on emerging and existing public health incidents as part of our standard response procedures. These updates, as necessary and where appropriate, often include how we have shared information with global partners to meet our international obligations and to support collaboration. The UK's cooperation with the EU on health protection threats, including any request for ad-hoc access to EWRS under the terms of the TCA, are included in these updates as appropriate, alongside other international information sharing, for example any necessary reporting to the World Health Organisation in accordance with International Health Regulations (2005).

59. The UK's recognition of EU-based clinical trial sponsors is helpful, but the lack of mutual recognition risks both significantly harming the UK's ability to conduct clinical research and reducing UK patients' access to clinical trials on rare diseases and children's cancers. We recommend that the Government seek EU recognition of UK-based clinical trial sponsors, and in the meantime

take steps to ensure UK-based researchers have the funds available to establish EU-based legal representatives. (Paragraph 273)

The Government is focussed on implementing the Trade and Cooperation Agreement and supporting clinical trial sponsors to thrive in our new regulatory environment.

We recognise that the requirement for UK sponsors of clinical trials involving EU sites to establish a legal representative in an EU Member State is likely to incur an additional cost for sponsors without an existing EU footprint, which will predominantly affect non-commercial sponsors.

Higher Education Institution (HEI) sponsors funded by National Institute for Health Research (NIHR) awards can include the Full Economic Cost (FEC) of their research in grant applications, which can include indirect costs such as legal costs. For HEIs in the UK, NIHR will fund a minimum of 80% of their FEC, provided that Transparent Approach to Costing methodology has been used.

We are working with stakeholders to further understand the implications of EU legal representative requirements and consider possible mitigations.

60. The flow of data between the UK and EU is important for enabling both patient treatment and clinical research. In the absence of a positive data adequacy decision from the EU, the Government will need to provide advice on data protection to the healthcare industry and researchers and support them in forming alternative arrangements for data sharing. (Paragraph 279)

On Data Adequacy progress:

The European Commission has carried out a thorough assessment of the UK's legislation and regulatory framework for personal data. It has rightly assessed that the UK provides an adequate level of data protection to allow for free flow of personal data from the EU to the UK.

The European Commission published draft data adequacy decisions in respect of the UK in February. The Government welcomes these decisions, which recognise the UK's high data protection standards and set out that the UK should be found 'adequate'. This is positive news for businesses and citizens in the UK.

In order for our adequacy decisions to come into effect and our citizens and businesses to benefit, they must be approved by EU Member States via the Council's Article 93 Committee, after an opinion has been issued by the European Data Protection Board. We see no reason why the draft decisions should not be swiftly adopted.

The 'bridging mechanism' agreed in the UK-EU Trade and Cooperation Agreement currently ensures the free flow of personal data to the UK until adequacy decisions are formally adopted, or until 30 June at the latest.

It is therefore important that this technical approval process should be concluded swiftly, as per the declaration published alongside our Trade and Cooperation Agreement.

On DHSC data preparedness work:

In the lead up to the end of the transition period, DHSC worked extensively with its Arms-Length Bodies (ALBs) and frontline organisations across the health and care system in England to identify where they receive personal data from the EU/EEA and put in place suitable legal mitigations so this personal data can continue to flow in the absence of an adequacy decision. There is a high level of preparedness across the system for a scenario in which adequacy is not granted.

As part of this work data preparedness guidance was shared with all of our ALBs and Data Protection Officers across the NHS frontline (covering 380 organisations). The guidance was also circulated to the social care frontline via the Care Providers Alliance (CPA), the Care Quality Commission (CQC), the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS), as well as to Professional regulators and the research community.

The Minister of State for Health has written to the health and care sector on the impact of the Trade and Cooperation Agreement, which includes lines on the bridging mechanism, and advising organisations that they should maintain or continue to put in place alternative transfer mechanisms to safeguard against any interruption to the free flow of EU to UK personal data in the future.

61. The UK's NHS and social care workforce has been subject to unprecedented and unforeseeable pressures over the last 12 months. The inevitable impact of the COVID-19 pandemic on recruitment and retention of staff will compound the existing and alarming shortages in the sector. (Paragraph 286)

On NHS Workforce

The UK Government is hugely grateful for the tremendous contribution that frontline workers within the health and care sectors are playing at the current time and recognise their commitment and dedication to keep vital services running and save lives. We recognise the enormous pressure the pandemic has put on all NHS staff,

especially those working in intensive care. We have invested a combined total of £30m in supporting their mental health.

The *We are the NHS: People Plan 2020/21* published last summer, focused on supporting our NHS people to manage the Covid-19 response and Winter pressures, with a strong focus on looking after the health and wellbeing of staff. This remains our top priority. NHS England and Improvement has put in place a comprehensive emotional, psychological, and practical support package for NHS staff, including a 24/7 helpline and mental health outreach services for those most at risk. The NHS People Plan also promotes flexible working so that the NHS can become a modern and model employer. This is crucial for retaining the talent that we have across the NHS.

We are committed to growing and supporting the workforce to ensure it continues to provide world class health and care. There are record numbers of doctors and nurses working in the NHS with nearly 10,900 more nurses and almost 6,600 more doctors than this time last year. We are committed to supporting these staff by further boosting recruitment, investing in staff, and backing the NHS with an extra £29 billion in COVID-19 funding over the next year.

The delivery of 50,000 more nurses in the NHS by 2024 will support the 1.4 million people who make up the NHS workforce and address longstanding NHS nursing shortages. We have set up a comprehensive work programme to improve retention and support return to practice, invest in and diversify our training pipeline, and ethically recruit internationally.

The NHS People Plan recognises that international staff are critical to a sustainable workforce in the short to medium term whilst domestic supply is increased. Recognising this, in 2020 we introduced the Health and Care Visa and waived the Immigration Health Surcharge for key health and care occupations to make it quicker and cheaper for international health and care professionals to come and work in the UK. The recently updated Code of Practice for International Recruitment of Health and Social Care Personnel will ensure the UK remains a world leader in ethical international recruitment.

On Adult Social Care:

The 1.5 million people who make up the paid social care workforce provide an invaluable service to the nation. They work tirelessly to support those most in need of care and support, and as this pandemic has made clear, we as a nation are indebted to their selfless dedication.

Nonetheless, we recognise that adult social care employers can struggle to recruit and retain the right number of staff. The pandemic has reinforced the importance of

having enough people in the sector with the values and skills to give high quality, compassionate care. Therefore, we will not let up in our efforts and we are working alongside stakeholders in wider government and adult social care to increase the number of candidates for social care jobs.

For the longer-term, we absolutely recognise the importance of having clear career pathways to help people build and navigate a career in social care; to support increased opportunity for those in care worker roles, aiding retention, as well as attracting new people to the sector.

We are incredibly proud of our social care workers and are determined to do everything we can to show they are valued. We are continuing to work with the sector and other government departments to understand how we can further support recruitment and retention.

62. We see no evidence of a credible plan from the Government to address the shortage of social care staff in the UK. While we support its ambition to encourage more ‘homegrown’ care workers, such measures will take years to materialise, and the need is immediate. (Paragraph 287)

The government recognises that under the new points-based immigration system, the majority of roles in adult social care are not eligible for the Skilled Worker route or for the Health and Care visa, which is a subset of this route. While 7% of the existing workforce identify as EU citizens, they will be able to apply to the EU settlement scheme to continue living in the UK after 30 June 2021, so we do not expect a sudden loss of this workforce. Furthermore, the flow of EU workers into the sector annually is small comparable to the size of the workforce – fewer than 5% of all workers joining the sector in a direct care role in 2019/20 had arrived from the EU in the previous 12 months. Therefore, we do not anticipate that the end-of-transition will have an immediate impact on workforce supply.

The Home Office will shortly be commissioning the Migration Advisory Committee (MAC) to deliver an independent review of the impact of EU Exit on the adult social care workforce, and we will be feeding into the scope of this review as appropriate. We look forward to reviewing the MAC’s findings once published.

Even so, the government recognises that the adult social care sector faces recruitment challenges and the sector will no longer be able to rely on overseas labour; we need to ensure that people already in the UK want to work in social care. Given that immigration is not the solution to recruitment issues in the sector it will be imperative employers, local Integrated Care Systems, and local authorities - as shapers of their local care market – act now, to ensure jobs in social care are attractive to local people with clear routes for progression.

To support adult social care providers to recruit domestically the government is taking action, running both long and short-term recruitment campaigns in recent months - across broadcast, digital and social media - highlighting the vital work care workers do and employment opportunities in the sector. We continue to work closely with colleagues across government to increase employment into the sector – for example working with the Department for Work and Pensions to improve recruitment through job centres.

As the Prime Minister has previously stated, the pandemic has highlighted the difficulties that the social care sector is in – the government recognises the need for reform and improvement. The government will be bringing forward plans later this year.