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**DfE**

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The Rt Hon Liam Fox MP  
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The Rt Hon Michael Gove MP  
Secretary of State for Environment, Food and Rural Affairs  
Nobel House  
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10 October 2017

Dear Secretaries of State,

Thank you for your letter of 4 October which provided an update on the UK Government's progress in preparing for future trade policy post-EU Exit, including establishing the EU's (excluding the UK) and the UK's (outside of the EU) schedules at the World Trade Organisation (WTO). We also welcomed the publication of the UK Government's policy paper '*Preparing for our future UK trade policy*' on these issues.

As a small open regional economy we are very interested in the UK's future relationship with WTO trading partners, and we welcome the UK Government's commitment to minimising any disruption or uncertainty to future global trading relationships.

We note the intention of the UK and EU to maintain the existing levels of market access available to other WTO members through a rectification procedure. However, as this is not yet confirmed, we would be grateful for your support in scoping the exposure of Northern Ireland businesses to changes in the level of market openness their trading partners can currently expect, and the impact on supply chains if this were to change. This assessment should also include the risks to the Northern Ireland economy in calculating the UK's share of the EU's tariff-rate quotas (TRQs), which will be fundamental in a 'no deal' scenario.

Our analysts are already engaged in this work, but we feel it would be valuable if this effort could now be coordinated with our Whitehall counterparts using the '*X-gov Computable General Equilibrium*' model. Sharing data on the goods and services imported to Northern Ireland from WTO trading partners, exported to the Single Market, and applying the same analytical methodology to these data sets can ensure that we all working from the same evidence base.

Your letter also raises the issue of trade-distorting agricultural support. Although the EU only uses a small fraction of its Aggregate Measure of Support (AMS), this represents the current agreed baseline and the point from which any future WTO multilateral negotiations on reducing trade distorting agricultural support would start. It is therefore important that that the UK secures its full share of EU amber box support limits when establishing its schedules.

We also agree that it would be important for the UK to continue its membership of the Government Procurement Agreement (GPA). As the implementation of the UK's commitments under the GPA will fall under the competence of the Devolved Administrations we would welcome more detail on UK Government's plans to involve the Devolved Administrations in the negotiation of these GPA schedules. This could ensure that the GPA commitments reflect Northern Ireland procurement policy objectives, and could avoid any complications in the implementation of GPA commitments.

We have also noted the recent letter from WTO trading partners signalling their concerns with the EU-UK allocation of tariff-rate quotas (TRQs). While this letter states that the UK schedules are not a matter for negotiation with partners, even in the context of the rectification procedure, the UK will be obliged to negotiate with any WTO member that raises an objection to its schedules. We would therefore welcome further detail on the UK Government's plans to maintain the goodwill of WTO members, and your support in assessing the risks to the Northern Ireland economy if WTO members decide to suspend market access concessions granted to the UK and EU (to compensate for any harm incurred).


Your letter explains that this work will form the foundation of the UK's future trade policy, which inevitably opens to a wider discussion on the opportunities for Northern

Ireland. We would welcome engagements in the coming months to help shape UK Government's thinking on how Northern Ireland could benefit from an independent trade policy.

Finally, we would welcome early dialogue on the economic impact of liberalising trade upon the domestic Northern Ireland economy. We note with interest the stated intention to put in place a trade remedies framework that would address concerns over dumping and subsidy distortions. What is less clear is the proposed position in relation to trade efficiency distortions in sectors, i.e., where 'fair' imports displace UK products on price determined through more efficient production. Similarly, we are keen to discuss the potential need for controls at Northern Ireland's borders in order to protect the integrity of the EU's Internal Market.

We are copying this letter to Olly Robbins, Philip Rycroft, Alex Chisholm and Jonathan Stephens for information.

Yours sincerely,



**ANDREW McCORMICK**  
Permanent Secretary

Yours sincerely,



**NOEL LAVERY**  
Permanent Secretary

