



Department of
**Agriculture, Environment
and Rural Affairs**

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The Rt Hon Liam Fox MP
Secretary of State for International Trade
King Charles Street
London
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The Rt Hon Michael Gove MP
Secretary of State for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London
SW1P 3JR

8 December 2017

Dear Secretaries of State,

Thank you for your letter of 20 November responding to our comments on the White Paper 'Preparing for our future UK trade policy' and the establishment of UK-only schedules for goods and services at the World Trade Organisation.

We note your comments regarding the established engagement within DEFRA at Ministerial, Senior Official and official level with regular trade working groups. As you state the WINES group also ensures the sharing of analytical insight and knowledge which includes trade analysis.

It is important that we now build effective engagement mechanisms with DIT and since the visit by John Alty in October, a number of meetings have taken place in London between senior officials of DIT, DfE and DAERA. We are providing the foundations of future engagement which all parties are keen to build on however there remains much work to be done in this regard.

At meetings in London on the 21st November there was a comprehensive discussion on the subject of trade modelling. Given that, as you explained in your letter, the DIT Computable General Equilibrium (CGE) model is not currently set up to include sub-national regions, DfE and DAERA are exploring a range of options to develop trade modelling tools and capabilities to meet the Northern Ireland timetable. Nonetheless, it remains important that we work together to ensure that there is a shared and agreed understanding of the modelling methodologies and the eventual outputs of this work.

It is encouraging, therefore, that there is broad agreement between our officials that, across the Devolved Administrations, and at a UKG level both the information and methodologies used in trade modelling should be understood and agreed. This is an area where DIT officials have undertaken to co-ordinate their activities with their DA counterparts. We also believe that having an agreed UKG model with a sub-national component that is shared with Northern Ireland remains an important longer term objective. A shared understanding of potential economic impacts of future trade agreements will help ensure, as stated in the White Paper, that enhanced economic prosperity for the UK delivers benefits across the whole of the UK.

In relation specifically to the agri-food, Northern Ireland has done much to develop and grow this sector and increasing exports to existing and new international markets has been an important aspect of that development. We look forward to contributing to the design of a new approach to agriculture. It will also be important that the establishment of any new trade deals benefit all sectors of the UK economy.

In your letter you have referenced the trade remedies regime to be introduced post-exit and we note the inclusion in the recently introduced Trade Bill of a Trade Remedies Authority. A response has been issued to Crawford Falconer on the Bill in which we have stated the need for Northern Ireland representation on this new Authority.

Finally, we welcome the UK Government's continuing recognition of the unique significance of the land border between Northern Ireland the Republic of Ireland and the commitment, reciprocated by the EU, that there should not be any hard infrastructure placed there.

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