



House of Commons
Exiting the European Union
Committee

**The progress of the
UK's negotiations
on EU withdrawal:
Government response
to the Committee's
Second Report**

**Second Special Report of Session
2017–19**

*Ordered by the House of Commons
to be printed 27 February 2018*

Exiting the European Union Committee

The Exiting the European Union Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Exiting the European Union and related matters falling within the responsibilities of associated public bodies.

Current membership

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Powers

The Committee is one of the departmental select committees; its powers are set out under a Temporary Standing Order of 4 July 2017.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/exeucom and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

The current staff of the Committee are James Rhys (Committee Clerk), Claire Cozens (Second Clerk), Dr Ariella Huff (Senior Committee Specialist), Shakera Ali (Committee Specialist), Duma Langton (Committee Specialist), Judy Goodall (Committee Specialist), Adrian Hitchins (Committee Specialist), Julian Mazowiecki (Committee Specialist), Eoin Martin (Committee Specialist), Jamie Mordue (Senior Committee Assistant), Leo Olivera (Senior Committee Assistant), Henry Ayi-Hyde (Committee Assistant), Estelle Currie (Senior Media Officer) and Ben Shave (Media and Communications Officer).

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First Special Report

The Committee on Exiting the European Union published its Second Report of Session 2017–18, *The progress of the UK's negotiations on EU Withdrawal* (HC 372), on 1 December 2017. On 21 February 2018, the Committee received the Government response to the Report. It is appended below.

Appendix: Government response

1. Until now, the Government's statements on the nature of the UK's future relationship with the EU have been couched in general terms such as 'comprehensive and ambitious' or 'deep and special'. The Government should now provide to Parliament much more specific proposals as to what these words will mean in practice.

Article 50 makes clear that the Withdrawal Agreement needs to take account of the future relationship so we will know the framework for our new partnership with the EU by the time of our exit. That is the basis from which we have to work.

Since June we have worked intensively with our European partners to settle the issues in the first phase of our negotiations to leave the EU.

The Prime Minister set out the framework for our approach to the negotiations in her speeches at Lancaster House and in Florence. In Florence, the Prime Minister stated that we want “to stay as partners who carry on working together for our mutual benefit. In short, we want to work hand in hand with the European Union, rather than as part of the European Union.”

The UK published 14 papers to address current issues in the talks and to set out the building blocks of the relationship we would like to see with the EU, both as we leave, and into the future.

These future relationship papers covered issues such as Future Customs Arrangements (15 August 2017); Civil Judicial Cooperation (22 August 2017); Enforcement and Dispute Resolution (23 August 2017); Data Protection (24 August 2017); Science and Innovation (6 September 2017); Foreign Policy, Defence and Development (12 September 2017); and Security, Law Enforcement and Criminal Justice (18 September 2017).

These papers represent the hard work and detailed thinking that has been going on behind the scenes across Whitehall since the referendum. The Government will continue to set out our positions at the appropriate time. We are also continuing a comprehensive programme of engagement with businesses and third party organisations to further inform our thinking.

We have made good progress in talks and have reached agreement with the EU's negotiators on some very difficult issues.

On 15 December 2017 the European Council confirmed that sufficient progress had been made to move onto the second phase of negotiations related to transition and our future relationship.

We welcome the Council's conclusion. This is an important step on the road to delivering the smooth and orderly EU exit that people voted for in June 2016.

The European Council guidelines agreed on 15 December 2017 are largely aligned with our own thinking on the implementation period. The EU adopted additional negotiating directives on transitional arrangements in January 2018, and we expect to be able to rapidly agree the detail with the EU in early 2018.

As the Prime Minister has set out, the objective for the implementation period is to provide certainty to both businesses and individuals, to ensure that they only have to make one set of changes, and to deliver a smooth EU exit.

2. We welcome the fact that the UK and the EU have prioritised securing an agreement on citizens' rights. We regret that it has not proved possible to conclude this agreement yet, with the consequence that there is a lack of clarity for EU citizens in the UK and UK citizens in the EU—more than four million people. Together with the prospect that “nothing is agreed until everything is agreed” this creates further doubt about what kind of legal guarantees UK citizens in the EU and EU citizens in the UK and their families will have about their status.

3. We remain unpersuaded that there is any need to link agreement on citizens' rights to issues concerning Ireland and finance. We urge both sides to reconsider this so that people really do come first.

We hope the Committee will welcome the agreement that has been reached on citizens' rights, as set out in the Joint Report of 8 December 2017.

From the very beginning of this process, the Government has been clear that safeguarding the rights of EU citizens living in the UK and UK nationals living in the EU was the first priority for negotiations. This is a commitment that we have delivered, and the details are set out in the Joint Report of 8 December 2017. Whilst the negotiations will operate under the principle that 'nothing is agreed until everything is agreed', as set out in the European Council's guidelines, we intend to honour the agreements set out in the Joint Report and it would be in no one's interests for the deal we have agreed on citizens' rights to be reopened. As the Prime Minister has made very clear from the outset, we want EU citizens living lawfully in the UK today to stay.

The agreement not only gives the people affected certainty about residence but also healthcare, pensions and other benefits. It will enable families who have built their lives together in the UK and EU to stay together. It will allow the spouses, children and elderly parents of those protected by the agreement, who live in a different country when the UK leaves the EU, to reunite as a family at any time in the future.

As set out in paragraph 32 of the Joint Report, we have agreed the continued recognition of qualifications, where recognition decisions were received, or where recognition procedures were ongoing, before the withdrawal date. This will cover qualifications recognised under the Mutual Recognition of Professional Qualifications (MRPQ) directive, lawyers practising under host state title and approved statutory auditors.

There were a number of areas we would have liked to go further but that the EU deemed out of scope of the initial stage of negotiations. For instance: a broader approach to MRPQ; maintaining existing voting rights; recognising lawyers practicing under home state title; and protecting the right to onward movement.

We have certainly not given up on these requests and we will either be pursuing these areas bilaterally or will come back to them in future negotiations.

The Joint Report also covers four vital objectives for the people of Northern Ireland. The first of these is protecting the Belfast Agreement in all its parts – including the principle of consent, citizenship rights and human rights provisions. The Belfast Agreement recognises the birthright of all the people of Northern Ireland to choose to be Irish or British or both and be accepted as such. The people of Northern Ireland who are Irish citizens will continue to enjoy rights as EU citizens, including where they reside in Northern Ireland.

As established in paragraph 52 of the Joint Report, we have agreed that the Withdrawal Agreement should respect and be without prejudice to the rights, opportunities and identity that come with European Union citizenship for such people and, in the next phase of negotiations, will examine arrangements required to give effect to the ongoing exercise of, and access to, their EU rights, opportunities and benefits.

4. We encourage the UK Government to make a concrete proposal to the EU on the nature and location of the joint body that would have oversight of UK and EU citizens' rights under any Withdrawal Agreement. We believe that these rights should be enshrined in a binding agreement.

As the Committee will be aware, we have committed to incorporate the Withdrawal Agreement into UK law, enabling EU citizens to rely directly on the terms of the agreement in UK courts.

In the interests of consistent interpretation of citizens' rights, UK courts will be able to choose to refer a point of law to the Court of Justice of the European Union (CJEU), having had due regard to whether relevant case law already exists. UK courts will be able to do this in a specific set of circumstances to seek a view on a specific point of law. The case itself will always be determined by the UK courts, not the CJEU. This voluntary reference will be available for eight years from the point of our withdrawal.

Consistent interpretation of citizens' rights should further be supported and facilitated by an exchange of case law between the courts and regular judicial dialogue.

The implementation and application of the citizens' rights part of the Withdrawal Agreement will be monitored in the Union by the Commission acting in conformity with the Union Treaties. In the UK, this role will be fulfilled by an independent national authority; its scope and functions, including its role in acting on citizens' complaints, will be discussed between the parties in the next phase of the negotiations and reflected in the Withdrawal Agreement.

The approach agreed reflects both Parties' desire to give citizens certainty and ensure their rights are interpreted consistently in the UK and the EU.

5. Any new online system for enabling EU residents to register with the UK Government must be simple and straightforward and must enable both adults and children to be easily registered.

6. A period after March 2019 is vital to enable EU citizens in the UK to apply for settled status and we welcome the Government's commitment that EU citizens will still be able to apply for settled status for two years after the UK leaves the EU. The Government has said that obtaining documentation to show their settled status will enable EU citizens who are resident here to continue to do so lawfully but there needs to be early clarification on what that documentation will consist of.

On 7 November 2017 the Government published a Technical note on citizens' rights, administrative procedures in the UK which set out further details of how the new settled status scheme for EU citizens and their families will operate after the UK leaves the EU. We have agreed with the EU that the eligibility criteria for settled status will be the same as, or more favourable, than those set out in the Free Movement Directive for acquiring permanent residence. EU citizens in the UK that currently hold a Permanent Residence document will be able to exchange this for a settled status document at no cost. The UK will update the eligibility criteria to suit the demands of this unique situation.

For example, we will no longer require evidence that economically inactive EU citizens have previously held "comprehensive sickness insurance" in order to be considered continuously resident.

The Home Office is currently working with stakeholders to design the new system, including groups representing EU citizens. As agreed with the EU and set out in paragraph 17 of the Joint Report, this system will be streamlined, low-cost and user friendly. Our technical note explains that we will seek to minimise documentary evidence as part of the application process. For instance we intend to ask users to submit a photograph but will not be requesting any biometric data such as fingerprints; and we will draw on existing government data such as employment records held by HMRC to verify residence as a worker.

Individuals will have sufficient time of at least two years post-exit to apply for status. During this period, they will enjoy the rights conferred by the Agreement. We also plan to set up a voluntary application process before exit to enable people to get their new status at their earliest convenience.

Paragraph 18 of the Withdrawal Agreement sets out that for those applying in time and pending a final decision, as well as a final judgement handed down in the case of appeal, the rights in the Withdrawal Agreement will apply to them.

7. We call on the Government to request, and the EU to agree, that any agreement reached on citizens' rights should be ring-fenced when reached, and preserved even if no overall Article 50 deal is agreed.

In line with the European Council negotiating guidelines published in April 2017 "negotiations under Article 50 will be conducted in transparency and as a single package."

But the Prime Minister has been very clear from the outset that EU citizens living lawfully in the UK today will be able to stay. EU citizens in the UK are highly valued, just as UK nationals are in member states.

Providing certainty for citizens is a priority, which is why we will now move to the next stage of drafting legal text for the Withdrawal Agreement. Once finalised, this will enshrine the agreed rights into international law and the UK will fully incorporate this into UK law.

We are confident that a future partnership between the UK and the EU is in the interests of both sides, so we approach these negotiations anticipating success. We do not want, nor expect, a 'no deal' outcome.

However, a responsible government should be prepared for all outcomes, including the unlikely scenario in which no mutually satisfactory agreement can be reached, which is exactly what we are doing.

As mentioned above, we hope the new scheme will be up and running in the second half of 2018 on a voluntary basis. This will enable those EU citizens to apply for this status at their earliest convenience. Any status granted will sit alongside EU law rights until these no longer apply. We intend to honour the agreements set out in the Joint Report and it would be in no one's interests for the deal we have agreed on citizens' rights to be reopened.

8. The Government and the EU should provide more detail on how they intend free movement to operate during the implementation period, and how it will affect the rights of EU citizens coming to live and work in the UK after 29 March 2019, as well as during any time-limited implementation period.

The Government aims to agree a time-limited implementation period, during which access to one another's markets would continue on current terms and the UK would continue to take part in existing security measures. The period would be based on the existing structure of EU rules and regulations and its duration determined by how long it will take to prepare and implement the new processes and systems that will underpin the UK's future partnership with the EU.

Both the UK and the EU have recognised the importance of such a period in the interests of providing certainty and continuity to businesses and our proposal is closely aligned with the guidelines adopted by EU leaders in December 2017. The UK aims to agree the detail of the implementation period by the end of March, providing certainty as swiftly as possible.

During the implementation period, EU citizens should be able to continue to visit, live and work in the UK as they do now. We will also use this period to prepare for our future partnership. As such, we will introduce a registration scheme for EU nationals in preparation for our future immigration system. We will need to discuss the future status of individuals who arrive in the UK or the EU during the implementation period and want to remain once it ends. The Joint Report on citizens' rights agreed in December 2017 does not cover those arriving after we exit the EU, but we are now moving on to discuss the details of the implementation period.

9. The UK and the Irish Governments are co-guarantors of the Good Friday Agreement. The complexity and sensitivity of the implications of the UK's decision to withdraw from the EU, including the Single Market and Customs Union, for Northern Ireland and the Republic of Ireland mean that the negotiations will continue into phase two of the Article 50 process. Ministers should now set out in more detail how they plan to meet their objective to avoid the imposition of a border, including if no withdrawal agreement is reached by 29 March 2019.

10. We welcome the Government's commitment to "no physical infrastructure" at the land border between Northern Ireland and the Republic of Ireland. We also welcome its rejection of a customs border between Northern Ireland and Great Britain. We do not currently see how it will be possible to reconcile there being no border with the Government's policy of leaving the Single Market and the Customs Union. We call upon the Government to set out in more detail how a "frictionless" border can in practice be maintained with the UK outside the Single Market and the Customs Union.

The Government is fully committed to the Belfast Agreement, its successors and the institutions they established. We have put our support for the Agreement at the heart of our approach to the negotiations on Northern Ireland and Ireland. That is why we want to reiterate our support for the Agreement – and the citizenship rights it guarantees – in the UK's Withdrawal Agreement.

The Joint Report between the UK and the EU makes clear our steadfast commitment to the Agreement, including the principle of consent; the continuation of the Common Travel Area and associated rights; and the vital objective of avoiding any physical infrastructure on the land border between Northern Ireland and Ireland.

As the Prime Minister has made clear, the UK does not seek membership of the EU's Single Market after we leave the EU - this would require the continuation of the free movement of people and mean accepting EU rules but without any say over them. We are seeking a bold and ambitious economic partnership. The deeply integrated nature of trade, both domestically between Northern Ireland and Great Britain, and across the land border between Northern Ireland and Ireland, highlights why the UK is prioritising finding a solution that protects businesses' ability to access these markets and avoid a return to a hard border.

The UK has always been clear, our guiding principle will be to ensure that – as we leave the EU – no new barriers to living and doing business within the UK are created. Therefore we cannot create a customs border between Northern Ireland and Great Britain.

The principles in the Joint Report from the UK and EU negotiators are a welcome agreement on this crucial issue. We have reached a balanced set of commitments that reiterate both our commitment to avoid a hard land border, and our clear position on preserving the constitutional and economic integrity of the UK. There will clearly be further detailed discussion on this issue in the next phase. As we have always said, the necessary solutions can only truly be found in the context of the UK's future trade and customs relationship with the EU.

11. The Government has demonstrated significant flexibility in its approach to protecting the Belfast Agreement, peace and co-operation on the island of Ireland. Its objective of enshrining the Common Travel Area within the Withdrawal Agreement is welcome as is the UK's assurance that it will not compromise the Republic of Ireland's free movement obligations.

The UK Government's negotiating strategy puts our support for the Belfast Agreement at the heart of our approach to the Northern Ireland/Ireland Dialogue. The Joint Report enshrines the ongoing support of the UK and Irish Governments, and the EU, for the Belfast Agreement in all its parts. There is nothing in the result of the referendum which will undermine our steadfast commitment to the Belfast Agreement, its successors and the institutions they established.

As the Prime Minister and others have said on numerous occasions, we will continue to abide by the UK's commitments in the Belfast Agreement. For several decades successive UK and Irish Governments have worked together to promote political stability in Northern Ireland. Together, we have worked with Northern Ireland's political parties to reach agreement on arrangements for power-sharing government in Northern Ireland and on its future relationships with both Dublin and London.

We are determined to maintain and strengthen the unique relationship between the UK and Ireland, tied by centuries of history, geography and trade. The relationship between our two countries has never been better or more settled than today. For our part, the UK Government is determined to build on this strong foundation and to deepen our relationship further, for the benefit of the UK, Ireland and the wider EU.

One feature of this unique relationship is the Common Travel Area (CTA) and the associated rights arise out of deep-rooted, historical ties between the UK and Ireland, and pre-date both Ireland's and the UK's membership of the European Union. The UK Government has been clear that it wants to maintain the CTA and protect associated rights enjoyed by British and Irish citizens and the ability to move freely between the UK and Ireland, north-south and east-west, recognising the special importance of this to people in their daily lives. Thousands of people regularly commute across the border between Northern Ireland and Ireland for work or study.

This cross border movement of people is an essential part of both economic integration and daily community life. The right to work, study, and access social security and public services will be preserved on a reciprocal basis for UK and Irish nationals. The UK Government, Irish Government, and European Union all agree that the UK and Ireland can maintain these arrangements and this has been reflected in the Joint Report between the UK and the EU. As set out in the Joint Report, both parties will honour their commitment to the PEACE and INTERREG funding programmes under the current Multiannual Financial Framework.

12. Having challenged the EU's financial assessment, the Government should provide us with evidence on its analysis of the EU's position paper of 12 June 2017 on the financial settlement. To move forward, the Government and the EU should set out what assets the UK is entitled to. The Government should also set out, as soon as possible, which scientific, educational, cultural, security and any other programmes it would like to contribute to and benefit from after the UK leaves the EU.

We have agreed on a financial settlement with the EU. This is a good deal for UK taxpayers; we will honour our share of the commitments made during our membership and have secured a commitment that our rebate will continue to be applied and that a share of relevant EU assets will be taken into account, as well as a number of other principles that will ensure a good deal for the UK. The Joint Report sets out the scope of the financial settlement, which may be paid over the course of several years, and using reasonable assumptions and publicly available data, you arrive at a range of £35–39 billion in current terms.

As part of the settlement, the UK will pay a net contribution in years 2019 and 2020 and benefit from the implementation of the budget as if it had remained a Member State. This means that the UK will fully participate in EU programmes funded by the current Multiannual Financial Framework and receive receipts from the EU until the programmes close. This component is consistent with the Prime Minister's speech in Florence where she confirmed that our partners should not fear that they will need to pay more or receive less over the remainder of the current budget plan as a result of our decision to leave.

The Prime Minister was also clear in her Florence speech that we will also want to continue working together in ways that promote the long-term economic development of our continent. This includes continuing to take part in those specific policies and programmes which are greatly to the UK and the EU's joint advantage, such as those that promote science, education and culture – and those that promote our mutual security. Further details on this will be set out when appropriate.

13. The Government has a duty to be as open with Parliament as possible without jeopardising its negotiating position. We welcome the Government's statement that it will abide by the will of the House and provide us with the sectoral analyses of the UK's exit from the EU.

On 27 November 2017 the Government released 39 reports covering 58 sectors of the UK economy to the Committee.

We also shared the information with the Lords EU Committee and the devolved administrations. The Committee has confirmed in its resolution that the Government's response complied with the motion of 1 November.

The reports have now been published by the Committee but with the 'Sector Views' sections removed from each report.

14. We welcome the Government's commitment that it will share with the devolved administrations its economic modelling on the impact of UK withdrawal on the constituent nations and regions of the UK. We call on the Government to clarify whether this modelling is different from the sectoral analyses that it has already committed to sharing with us and if so, to provide us with this additional economic modelling as well. We call on the Government to clarify whether this modelling is different from the sectoral analyses that it has already committed to sharing with us and if so, to provide us with this additional economic modelling as well.

These reports contain analysis of sectors across the whole of the UK and we look forward to further engagement with the devolved administrations including on any additional analysis they have produced.

We have discussed relevant analysis with the devolved administrations frequently since the referendum, including at the Joint Ministerial Committee for EU Negotiations (JMC(EN)). There has also been extensive engagement with the DAs outside of the JMC process – including at ministerial and official level.

The Secretary of State agreed on 25 October 2017 that there would be 'official-level contact on these issues', as there has been, but did not commit to sharing 'economic modelling'. We have been clear that our sectoral analysis does not include forecasts or projections using economic modelling. We are committed to working closely with the devolved administrations and will continue to share information as appropriate.

The Secretary of State further set out for the Committee on 6 December 2017 that, "We will, at some stage—and some of this has been initiated—do the best we can to quantify the effect of different negotiating outcomes as we come up to them. Bear in mind that we have not started phase 2 yet. In particular, we will try to assess, in bigger categories, the effect of various outcomes in financial services and in terms of the overarching manufacturing industry, agriculture and so on. We will do that a little closer to the negotiating timetable."

On 6 February 2018 the Government provided the Committee with a copy of the recently leaked EU Exit Analysis document. We have been clear that this document does not represent government policy. As ministers clearly set out in the House, this is provisional internal analysis, part of a broad ongoing programme of analysis, and further work is in train. It is an information gathering exercise, there to test ideas. It is analysis of existing trade relationships – none of which are the outcome we are working towards. We are seeking an unprecedented, comprehensive and ambitious economic partnership in the mutual interest of the UK and EU. This analysis does not represent that preferred scenario.

The Government has confirmed that when we bring forward the vote on the final deal, Parliament will be presented with the appropriate analysis that the Government has done in order to allow them to make an informed decision.

15. While acknowledging the statements he has made to the House, we expect to hear evidence from the Secretary of State at regular intervals and we request that he commit to giving evidence to us at least once every two months.

The Government will continue to support Parliament's important scrutiny role, in particular through the work of its select committees, and continue to be as transparent as possible with both Parliament and the public.

The Secretary of State has committed to update the whole House after each round of negotiations. In recognition of the critical role that the Exiting the EU Committee plays in scrutinising the UK's withdrawal from the European Union, the Secretary of State is clear that he is happy to continue to appear before the Committee on a regular basis to answer questions on the progress of negotiations. The Secretary of State has also made a similar commitment to the House of Lords EU Committee.

Ministers from the Department for Exiting the European Union have given evidence to a wide range of Committees on 26 occasions, including the Secretary of State appearing five times before the Exiting the EU Committee and a further four times before the Lords EU Committee.

More broadly, we have also provided for eight EU exit-themed debates in government time, on issues such as workers' rights, security, global trade and sanctions. And of course the Prime Minister will continue to update the House after every European Council.

16. We note the Government's intention to work closely with the devolved administrations. However, as we said in our report on the European Union (Withdrawal) Bill, the Joint Ministerial Committee for EU Negotiations (JMC(EN)) should meet "much more regularly" and address "the concerns expressed by the devolved administrations about the effectiveness of its operations." We also recommended that the Government "set out whether it is considering formal structures for intergovernmental relations, and its proposed arbitration system for disputes, so that the views of the devolved governments can be heard, including in any future trade agreements."

The UK Government notes the recommendations of the Committee. The Joint Ministerial Committee for EU Negotiations (JMC(EN)) met on 16 October 2017 and 12 December 2017, and is expected to meet again shortly. The Prime Minister is also planning for the JMC(Plenary) to meet again and we are seeking to confirm a date between the administrations.

In December 2017 discussions continued on priorities for the devolved administrations with further work remitted to officials. The meeting in December built on the progress made at the JMC(EN) on 16 October 2017 which was well received by all. Important progress has been made in agreeing the set of principles to underpin the work on establishing common frameworks.

The UK Government is also committed to ensuring JMC(EN) is as constructive a space as possible and has taken several actions to improve the efficacy of the forum. For example, the cast list has been reduced to ensure closer discussions between members, which has been positively received by the devolved administrations. Regular bilaterals are also scheduled between meetings to ensure ongoing dialogue on key issues. The Chancellor of the Duchy

of Lancaster will continue to regularly engage bilaterally with the First Minister of Wales and Deputy First Minister of Scotland between meetings to take stock of progress and to build an effective agenda for each meeting of the JMC. We will continue to use the JMC meetings to work constructively and closely with colleagues in each of the devolved administrations, always working towards a solution that delivers for the UK as a whole.

Relations between the UK Government and devolved administrations are underpinned by the Memorandum of Understanding (MoU). The Government recognises the need to review the MoU not least in the light of the UK's exit from the EU, however this is not a decision for the Government alone.

The decision to review the MoU must be taken with the agreement of the four participating administrations – the UK Government, Scottish Government, Welsh Government and Northern Ireland Executive. We will continue to work together to identify the most appropriate time to do so.

17. The Commission's and Council's legal services should give definitive advice on whether Article 50 provides a basis on which to agree an implementation period as part of the withdrawal period. We also recommend that the Government should now make a clear and public statement about the likely terms of the transition and implementation period, so that these are widely understood.

18. The Government should publish a white paper on the implementation period as soon as possible after the European Council in December.

The Government notes the Committee's call on the European Commission and Council legal services to provide advice on the implementation period under Article 50 TEU and will carefully consider any such advice and respond accordingly.

Both the EU and the UK have been clear that the implementation period will be agreed under Article 50 and be part of the Withdrawal Agreement. The Prime Minister set out in her speech in Florence on 22 September 2017 and in her statement to Parliament on 9 October 2017 that the UK is seeking a strictly time-limited implementation period, based on the existing structure of EU rules and regulations. The Secretary of State provided further detail on the UK's position in his recent speech.

The Commission's own Article 50 guidelines published in April 2017 provide for such a period of transition. In addition, following the European Council's decision in December 2017 on sufficient progress of the first phase of the negotiations, the EU27 have agreed supplementary negotiating directives setting out their position in greater detail on possible transitional arrangements which could be contained within the Article 50 Withdrawal Agreement.

The Government believes an implementation period is mutually beneficial to both the UK and the EU, helping both sides to minimise disruption and for there to be only one set of changes. Formal talks on the implementation period began on the week commencing 5 February 2018. We are progressing our discussions with the European Commission on the implementation period with the aim of reaching agreement by the March European Council.

19. We welcome the assurance from the Secretary of State that, subject to a positive outcome to the December Council, it will be possible to publish detailed arrangements for the implementation period by the end of March 2018. We think it essential that this deadline is achieved. To mitigate business uncertainty in 2018, these guidelines should provide sufficient scope and detail for business to make investment and trade decisions and for regulatory agencies to base risk assessments and other such judgements on, for the period after March 2019.

We welcome the EU Leaders' conclusion at the 2017 December Council that sufficient progress has been made.

As the Prime Minister has said: "the guidelines published by President Tusk for the next phase of negotiations point to the shared desire of the EU and UK to make rapid progress on an implementation period, with formal talks beginning very soon. This will help give certainty to employers and families that we are going to deliver a smooth Brexit."

The Council agreed further negotiating directives on 29 January 2018, and both the UK and the EU have recognised the importance of an implementation period to provide certainty and continuity to businesses and individuals. Both sides are agreed on the need to make rapid progress, providing certainty as swiftly as possible.

Of course, both sides will then need to work to finalise the text of the Withdrawal Agreement to give the implementation period legal form. This will take place alongside the negotiations to establish our deep and special future partnership.

20. The UK is party to over 30 trade agreements with over 60 countries, and hundreds more non-trade agreements, through the EU. The Government should set out its plans for the UK's continuing participation in these agreements, its approach to how it is prioritising agreements, and what can be achieved during the Article 50 timeframe.

During the implementation period we want to take steps to pave the way for the UK's independent trade policy after we exit.

Only when the UK is no longer a member state, can we take advantage of our status as an independent trading nation. In the implementation period, the UK will be able to prepare for this new relationship, not just with the EU, but also the rest of the world. As such, the UK will negotiate our own free trade agreements but not bring them into effect until after the implementation period has concluded.

As the Prime Minister has set out, as we prepare to leave the EU, we will seek to transition existing EU trade agreements and other EU preferential arrangements.

This is to ensure that the UK maintains the greatest amount of certainty, continuity and stability in its trade and investment relationships for our businesses, citizens and trading partners. We want to work with the EU, and our international partners; to ensure that the effects of our trade and non-trade agreements continue, to find a way of doing this in the most effective way possible, and to minimise any potential disruption for businesses and our international partners.

We will look to deliver a simple and straightforward approach to ensure continuity in the application of international agreements during the implementation period. This will provide certainty for EU and UK businesses and individuals, as well as international partners.

We look forward to further discussions on how we could deliver this with the EU and third country partners. Technical scoping discussions on our trade agreements are ongoing to see how best we can achieve continuity across the entire range of EU trade agreements. The Trade Bill was introduced to Parliament on 7 November. The power in the Bill will allow the Government to implement, through secondary legislation, the non-tariff provisions of trade agreements that have been transitioned, should we need to make changes to our laws to do so. Importantly, the power can only be used to implement a free trade agreement with a country that has signed a free trade agreement with the EU prior to exit day.

The Department for Exiting the European Union is working closely with other government departments to assess the international agreements impacted by our exit from the EU and to ensure continuity. We will be working with third countries and the EU to determine how continuity can best be maintained.

21. The Government must hold a vote as soon as possible after any deal is agreed. It would not be acceptable to present a motion to the House after the UK has left the EU.

As the Secretary of State reiterated in the Written Ministerial Statement he laid before Parliament on 13 December 2017, the Government has committed to hold a vote on the final deal in Parliament as soon as possible after the negotiations have concluded.

We are working to reach an agreement in good time before we leave the EU in March 2019. Michel Barnier has said he expects a draft deal to be agreed by October 2018 and that is our aim as well. So we fully expect that there will be a vote in the UK Parliament on this agreement before the vote in the European Parliament and before we leave the EU.

22. Whether or not a deal is reached, we believe that the Government should be investing now in improvements in technology and infrastructure to ease the passage of goods through gateways like the Port of Dover; for example, by introducing electronic customs checks and building the proposed lorry park outside the Port of Dover.

As the Government set out in its Future Partnership Paper on customs, published in August 2017, in assessing the options for the UK's future outside the EU Customs Union, the Government will be guided by what delivers the greatest economic advantage to the UK, and by three strategic objectives:

- ensuring UK-EU trade is as frictionless as possible;
- avoiding a 'hard border' between Ireland and Northern Ireland; and
- establishing an independent international trade policy

The Government's objective is to ensure that movement through ports is as frictionless as possible, whatever the outcome of the negotiations with the EU. To that aim, government is working closely with the ports and logistics industry.

We continue to examine ports, airports and rail points to understand the operational impacts of potential changes and how long might be needed to implement new processes or deliver changes at these locations, especially at key locations like Dover, the Channel Tunnel and Holyhead which handle large volumes of EU traffic on a roll-on, roll-off basis.

As part of the overall planning for the border post-exit, we have reviewed all the IT and database systems used to support the border and have plans to replace or update if that proves necessary depending on the outcome of the negotiations and this includes interim plans to enable processes to continue or to scale up whilst a full solution is developed. Individual departments lead on the systems for which they are responsible.

Departments are working on plans to recruit extra staff if necessary and have identified the potential numbers needed for contingency purposes.

Departments are also working with businesses across the economy to understand the operational challenges they face following exit. We want to focus our efforts in the upcoming negotiations on quickly agreeing the detail of a time-limited implementation period that gives further certainty to people and businesses, and to settling the terms of a future partnership that delivers prosperity and security.

The Department for Transport is developing permanent plans to deal with the build up of lorries on the M20 in Kent, better known as Operation Stack. On 15 November 2017 the Transport Secretary set out to Parliament his intention to re-start the process to promote a lorry park through the normal planning process, as well as developing an interim solution to be ready by March 2019.

23. There has been continued debate about no deal being reached at the end of the negotiations. The Government must do everything it can to avoid such an outcome.

As the Prime Minister made clear in her Florence speech in September 2017, we want our future relationship with the EU to take in both economic and security cooperation.

Other Member States, including some of our largest trading partners, have a clear interest in making progress on the negotiations, and in reaching a mutually beneficial agreement between the UK and EU. We do not want or expect a 'no deal' outcome. And thanks to the agreement reached in December 2017, the chances of a 'no deal' outcome have dropped dramatically.

The guidelines adopted by the EU in December reconfirm the EU's desire to establish a close future partnership with the UK.

Both parties have also recognised the importance of a time-limited implementation period in the interests of providing certainty and continuity to businesses and individuals, and the EU adopted additional negotiating directives on transitional arrangements in January 2018. The UK has made clear its aim to reach political agreement with the EU on the detail by March 2018.

However, a responsible government should prepare for all potential outcomes, including the unlikely scenario in which no mutually satisfactory agreement can be reached. The Secretary of State has previously provided details to this Committee on the need for departments to prepare for all scenarios. This is part of an ongoing process in which every department has been working to develop a detailed understanding of how withdrawing from the EU will affect existing policies and services.

Plans are well developed and have been designed to provide the flexibility to respond to a negotiated agreement, as well as preparing us for the unlikely eventuality of leaving without a deal. That is why we are working with businesses across the economy to provide the certainty they need to understand the challenges and opportunities they may face in the coming months and years.

We are making an additional £3 billion of funding available over the next two years so that departments and the devolved administrations can continue to prepare effectively for a range of exit scenarios, including no deal.

However, the EU Leaders' conclusion of sufficient progress is an important step forward. In the negotiations we will continue to work with our European partners with ambition and creativity to develop the details of a partnership that will be in the best interests of both the UK and the EU.

We are confident that a positive future partnership between the UK and EU is mutually beneficial to both sides, and we therefore approach the negotiations anticipating success.