



T: 0300 244 4000
E: scottish.ministers@gov.scot

Lord Frost CMG
Minister of State
Cabinet Office

14 March 2021

Dear David,

Congratulations on your recent appointment as Minister of State at the Cabinet Office.

I am writing to urge the UK Government to seek a co-operative, rather than a combative, relationship with the EU, and also to set out the damage that is currently being done to Scotland as a result of the Brexit deal the UK agreed to on Christmas Eve.

The EU-UK Trade and Cooperation Agreement (TCA) has now been in place for over 70 days and Scottish businesses and exporters are suffering the detrimental effects of new barriers to trade that are a direct consequence of the UK leaving the European single market and customs union and operating instead under the TCA. The increased costs for businesses and consumers, the increased bureaucracy, the significant delays and the problematic curbs to mobility and trade in services are far more than 'teething troubles'.

For example, when Paul Sheerin, Scottish Engineering Chief Executive gave evidence in the Scottish Parliament last month he said that: "*Almost every exporter in the manufacturing and engineering space is suffering detriment as a result of the end of the transition period and the new processes that we have*". And when Seafood Scotland Chief Executive Donna Fordyce recently gave evidence in the House of Commons she commented that the cost and complexity of the new non-tariff barriers could render business 'unviable' for some of our operators. Ensuring the continued mobility of workers between the EU and the UK is another major area of concern for the Scottish Government and my colleague Fiona Hyslop has already written to the UK Government expressing her concerns regarding access arrangements for artists and creative industry workers under the TCA.

This situation is all the more concerning when we consider the severe economic difficulties being faced by businesses and organisations across Scotland and the UK more generally as a result of the Coronavirus pandemic. This makes it all the more disappointing and frustrating that the UK Government ignored the views of the Scottish Government to delay the end of the Brexit transition period. I note that the UK Government has taken further action on border controls, in addition to those actions unilaterally taken to extend the grace periods for implementing aspects of the Northern Ireland Protocol, announced last week. Whilst some businesses will welcome the additional preparatory time for the imposition of sizeable non-

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot



tariff barriers – in line with the calls by many for a longer extension period – there will be exasperation across business sectors with the continuing uncertainty.

I also note that the latest trade data published by the Office of National Statistics this week shows overall UK trade with the EU reduced by more than a third (38%) in the first month of 2021 compared to the same period in 2020. Some sectors experienced even larger impacts with the food and live animals sector dropping by more than half at 54 percent. This is further clear evidence of the negative impacts on key areas of the economy.

I am also very concerned about the increasingly strained tone and tenor of the UK Government's relationship with the EU since the signing and provisional application of the TCA. The UK Government's decision to unilaterally extend certain grace periods in relation to the implementation of the Protocol on Ireland/Northern Ireland has led a number of parties, including European Commissioners, to comment on whether the UK can be trusted as an international trade partner following what they consider to be a clear violation of good faith obligations under the Withdrawal Agreement and a breach of international law. It is also a worrying sign to see that the European Parliament has, as we understand it, refused to set a date for ratifying the TCA which once again raises the spectre of No Deal. I very much hope that a mutually agreed solution to the outstanding issues related to implementation of the Protocol can be found through the work of the Withdrawal Agreement Joint Committee and its specialised committee, with the involvement of all parties concerned. A close, co-operative relationship between the UK and EU is in everyone's interests.

Going forward, the governance arrangements under both the Withdrawal Agreement and the TCA are clearly going to be critical for the re-setting of relations between the EU and the UK and the establishment of a more positive and pragmatic working relationship in order to resolve tensions and build trust. It is absolutely critical that the interests of Scotland, Wales and Northern Ireland are represented within these structures and the preparatory bodies that inform them.

As you know, implementation of the TCA will have a major impact on a very wide range of devolved policy interests and responsibilities across the UK. In fact, our interests extend beyond these devolved policy interests to include reserved areas which touch on devolved responsibilities; reserved areas significantly related to the people and territory of Scotland; and all issues pertaining to Scotland's separate legal jurisdiction. As such it is essential that the governance structures are designed and operationalised with the direct and meaningful involvement of the Devolved governments as soon as possible. I would also note the arrangements that have been put in place by the EU whereby the Member States will be fully able to be present and represented in TCA (and indeed Withdrawal Agreement) governance structures.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

The Scottish Parliament, Edinburgh EH99 1SP
www.gov.scot



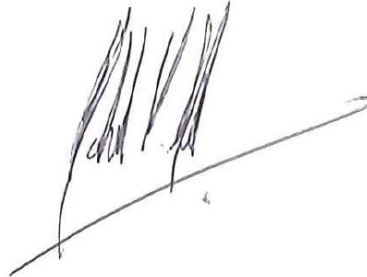
INVESTORS
IN PEOPLE

Accredited
Until 2020



As I discussed with the Chancellor of the Duchy of Lancaster and Ministerial colleagues from Devolved governments on Friday, we urgently require clarity on the TCA governance proposals and the opportunity to discuss and agree those. In taking that forward I will need to be assured that our interests will be fully considered and represented in line with our devolved policy interests and responsibilities.

I look forward to hearing from you.

A handwritten signature in black ink, appearing to read 'Michael Russell', written over a horizontal line.

MICHAEL RUSSELL

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

The Scottish Parliament, Edinburgh EH99 1SP
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020

