

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

Greg Hands MP
Minister of State for Trade Policy
Department for International Trade
King Charles Street
LONDON
SW1A 2AH

5 May 2020

Dear Greg,

USA FTA Negotiations

Thank you for the phone call this afternoon in which you confirmed that the UK Government was about to restart trade talks later in the day. The Scottish Government has real concerns about the decision to do this at the same time as continuing negotiations with the EU and dealing with the coronavirus pandemic.

Families, businesses and our economy have already been dealt a hammer blow from the coronavirus crisis which is changing the way we live and work. The Office of the Chief Economist's recent analysis suggests that the pandemic could reduce Scotland's GDP by 33% during the current period of physical distancing, with high risks to international supply chains and international demand for key sectors of the Scottish economy. The US economy meanwhile has shrunk by nearly 5%, unemployment is over 12%. It is far too early to assess the change to the future shape of our economies, the demand for international goods and services and the extent to which the impact of Covid-19 has overtaken previous analysis by both the UK and US Governments of the likely shape and value of UK/US negotiations.

Rather than pushing ahead with trade talks the UK Government should seek an urgent extension to the UK/EU transition period to protect jobs, businesses and livelihoods.

I reminded you when we spoke about a number of commitments that had been made to us earlier in the year. Officials were told in March that the UK internal negotiating mandate was being finalised but it would be shared with devolved Ministers once agreement was reached. This has still not happened and the talks have now started. We were told that legal text was being prepared for sharing with the US but was not yet ready.

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

We were also told in March that DIT had “plenty of time to engage with [us] on these products and are rapidly putting in plans in place”. We have seen nothing.

I met Conor Burns in London on 11 March and wrote to him after that to ask, among other things, for an agreed structure for our future engagement, including the process for and timings of Scottish Government input into the negotiations. I also asked for sight of the timeline and process map for the US negotiations covering official and Ministerial engagement. Finally I asked to see the internal DIT mandate for the US discussions. Again, we have seen none of this.

I also reminded you yesterday that the Scottish Government has previously identified a number of red lines for talks with the US including: protecting our public services; protecting our environment and contributing to achieving our net zero target; maintaining, as a minimum, alignment with EU standards; building a fairer society, reducing inequality and improving economic wellbeing through inclusive economic growth; and being a good global citizen and helping to raise standards through trade.

You will know that agriculture and food quality standards are very important to Scotland and, along with the protection afforded by the EU’s system of geographical indications, have helped Scotland build an international reputation for quality. The USA will be looking to increase access to all parts of the UK for its agricultural products, including those produced to standards unacceptable to the EU, including GM crops and hormone injected beef. This cannot happen without reducing standards. I would like to reiterate our rejection of any reduction in these standards and seek your assurance that these (and other Scottish interests) will not be negotiated away by the UK Government.

We have been clear that punitive US tariffs on Scottish products - whisky, food products and textiles – should be removed not as part of negotiations in exchange for enhanced market access for US businesses, but before negotiations begin. As we discussed, there has been no progress on this front, leaving Scottish businesses at a double disadvantage when reduced demand as a result of the Covid-19 pandemic is taken into account.

More than ever, the NHS has had the support of the whole of the UK whilst it has had to deal with unprecedented demands on capacity and the resilience of its staff. This is not the time to open negotiations with the US and cast doubt on the future of the NHS as a public service or to risk access to medicine through changes to pharmaceutical pricing and copyrighting.

In a recent letter to the USTR, DIT senior officials stated that “Our commitment to transparency and inclusivity means Parliament, the devolved administrations and legislatures, local government, business, trade unions, civil society, and the public from every part of the United Kingdom must have the opportunity to engage with and contribute to our trade policy”.

In light of this letter and previous UK Ministerial commitments to engage with us it was very disappointing to have confirmation that negotiations were restarting this week through the weekend media rather than from UK Ministers.

Despite repeated Ministerial and official assurances we have still not seen the UK negotiating mandate. Indeed we are now told that we will only see those parts of the mandate which ‘relate to devolved matters’, despite the fact that any trade agreement with the US will affect all parts of the Scottish economy.

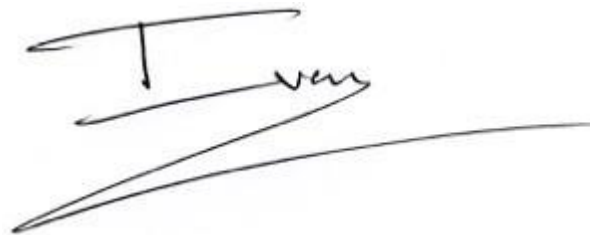
Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot



I would like to know how and when the documents referred to above, and others, will be shared, and how and when we can genuinely influence negotiations to ensure that the outcome is in Scotland's interests.

Despite the failure of the UK Government to engage meaningfully with the Scottish Government to date, it is still our wish to see that happen. Future trade negotiations and agreements are simply too important for all our interests for us not to work together cohesively and respectfully. I hope you will agree and, as a matter of urgency, address all the concerns I have set out in this letter and previously so we can reset matters and move forward. I look forward to working with you as the UK Minister responsible for supporting this FTA.

I am copying this letter to Eluned Morgan AM and Diane Dodds MLA.

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

Ivan McKee

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

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020



From: [REDACTED – SECTION 38(1)(B)]
Sent: 06 May 2020 12:24
To: [REDACTED – SECTION 38(1)(B)]
Cc: [REDACTED – SECTION 38(1)(B)]
Subject: Read out from call between Ivan McKee and Greg Hands: US trade talks

[REDACTED – SECTION 38(1)(B)]

The main points arising from yesterday's Ministerial call. Mr McKee reiterated these points in the letter he sent to Greg Hands last night.

[REDACTED – SECTION 38(1)(B)]

- Greg Hands called Ivan McKee at 2.00 on 5 May to confirm that the UK was launching FTA discussions with the US later that day.
- [REDACTED – SECTION 32(1)(A)]
- Ivan McKee reminded GH of the commitments to work closely with DAs and share documents made by Conor Burns when they met in March. SG was disappointed that nothing had materialised and Mr McKee was uncomfortable that the process had got to this stage with so little shared with DAs.
- IM referred to the '3 room model' of engagement as set out earlier in the year by Mr Russell as a summary of what the SG was looking for.
- IM said UKG were aware of key SG concerns including continuing Airbus tariffs, NHS, agriculture, labour protection, GM, GIs, SPS, environmental standards and data flows.
- IM also said it was important to move on from disappointing current position and establish proper engagement process from now on.

[REDACTED – SECTION 38(1)(B)]