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Sent: 03 June 2020 17:40
To: [REDACTED]@ec.europa.eu; [REDACTED]@ec.europa.eu'
Cc: [REDACTED]@gov.scot>; [REDACTED]@ec.europa.eu'
Subject: New Scottish Government publication: 'Covid-19: the case for extending the Brexit transition period'

Dear [REDACTED]

cc [REDACTED]

I hope that you are well. Thank you again for your time for the call with Ms Cunningham last Wednesday. We found it a constructive discussion.

New Scottish Government publication – ‘Covid-19: the case for extending the Brexit transition period’

I am contacting you to let you know that the Scottish Government has today published a paper which sets out the case, in these unprecedented times, for extending the Brexit transition period. The publication can be found here:
<https://www.gov.scot/publications/covid-19-case-extending-brexit-transition-period/>

COVID-19 is at the centre of all our concerns, and will be for the foreseeable future. As we discussed last week, the Scottish Government believes that it is vital for COVID recovery that there is an extension to the Brexit transition period.

The paper argues for an extension to the current transitional arrangements - by the maximum period possible of two years – which would:

- allow the economy more time to recover from COVID-19 before the impacts of ending the Brexit transition period on businesses and citizens are felt. Companies will be in a much more fragile state and less able to absorb the impact of Brexit at the end of this year than in two years' time;
- enable governments, businesses and citizens - rightly focussed on COVID-19 at present, to prepare thoroughly for the new EU-UK relationship; and
- enable full scrutiny and implementation of the new trading arrangements and other forms of cooperation that may be agreed between the EU and the UK.

The paper also presents new analysis of the potential economic impacts in Scotland if an extension to the transition period is not agreed. It demonstrates that Scottish GDP could be up to 1.1% lower by 2022, with Scotland's manufacturing, agri-food and fisheries sectors particularly at risk. This represents a cumulative loss of economic activity of between nearly £2bn and £3bn over those two years, exacerbating the significant economic damage caused by COVID-19. A proportionate impact would be likely for the UK economy, and there would also be an impact on the EU. This will clearly hamper recovery from the impact of the pandemic.

We recognise that the UK Government has consistently ruled out seeking an extension to the transition period. And we realise that the EU currently does not believe that this is likely to happen. However, the Scottish Government believes that an extension is crucial – and the only responsible course of action - in order to avoid a second major hit to the economy at a time when businesses, governments and citizens are focusing on recovering from COVID-19.

Time is running out. Under the terms of the Withdrawal Agreement any extension must be agreed by the end of this month. After that date, it will not be possible to extend under the terms of the Withdrawal Agreement – and no other plausible route to an extension has been put forward. The end of June deadline is therefore real.

The Scottish Government will continue to make the case for an extension until the last possible moment and we will continue to urge the UK Government to seek a maximum two-year extension, as provided for in the Withdrawal Agreement. We hope that the high level meeting envisaged for June can be a genuine stocktake of progress, including the implications of rejecting an extension.

I would be happy to discuss the contents of this paper, and the prospects for the negotiations, with any of you in more detail if that would be helpful. My personal assistant [REDACTED] would be pleased to set up a call in the coming days.

Best wishes,
Martin Johnson

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