



16 September 2020

Dear local residents,

I recognise that some local residents have concerns about the *United Kingdom Internal Market Bill* (UKIM) and so I would like to take this opportunity to clarify certain aspects of the Bill, as well as set out the reasoning behind my decision to support it at its Second Reading on Monday.

On 31 December, the Transition Period will end and the UK will leave the EU Single Market. As a result of this, the EU legal underpinnings for free trade in goods and services between the four nations will fall away and hundreds of powers previously held by the EU will flow to the UK Government and to the devolved administrations in Edinburgh, Cardiff, and Belfast.

Without action now, new barriers to intra-UK trade could emerge, creating serious problems for businesses and putting jobs at risk. This is unacceptable. I, therefore, welcome the Government's proposed new legal framework – the UKIM Bill – which, rather than, as some have said, being a vehicle to cause conflict between the UK and the EU, has three overarching policy objectives:

1. To secure continued economic opportunities across the UK.
2. To continue to increase competitiveness and enable citizens across the UK to be in an environment that is the best place in the world to do business.
3. To continue to support the general welfare, prosperity and economic security of all our citizens.

The Bill also has three supporting aims:

1. To maintain frictionless trade between all parts of the UK.
2. To maintain fair competition and prevent discrimination.
3. To continue to protect business, consumers and civil society by engaging them in the development of the market.

I welcome that the feedback received from 270 businesses and organisations to the Government's [White Paper](#) on the UK Internal Market proposals in July showed overwhelming support for the Government's core objectives: avoiding trade barriers and providing certainty for firms across the UK.

Of course, the clauses in the Bill which have attracted considerable attention and become one of the most contentious areas in the negotiations, are those relating to Northern

Jane Hunt MP



House of Commons

Ireland (NI). As you may be aware, I voted to leave the EU as I believe that, doing so, will bring many benefits, including enabling us to take back control of our borders, laws and money. However, I am also a member of the Conservative and Unionist Party, and so I fully support the Union and all that that entails. I have, therefore, made it clear that, while the Government must not renege on its commitment to respect the result of the EU Referendum, it is absolutely imperative that we do not do anything which would undermine the Good Friday Agreement or restrict trade between Great Britain and NI. I reiterated my views on this when I stood on a [Manifesto](#) which committed to ensuring that NI's businesses and producers enjoy unfettered access to the rest of the UK.

This was a key aim of the Northern Ireland Protocol which will see NI following EU Single Market rules for goods, and remain aligned to EU rules on customs and VAT, while still remaining part of the UK's customs territory and VAT area, and being able to benefit from UK trade agreements.

As highlighted by the Prime Minister in Monday's [debate](#):

“when we renegotiated our withdrawal agreement from the EU, we struck a careful balance to reflect Northern Ireland's integral place in our United Kingdom, while preserving an open border with Ireland, with the express and paramount aim of protecting the Belfast/Good Friday agreement and the peace process. In good faith, we accepted certain obligations in the Northern Ireland protocol in order to give our European friends the assurances they sought on the integrity of their single market, while avoiding any change to the border on the island of Ireland. We agreed to conduct some light-touch processes on goods passing between Great Britain and Northern Ireland, in case they were transferred to the EU.”

“In a spirit of reasonableness, we are conducting these checks in accordance with our obligations. We are creating the sanitary and phytosanitary processes required under the protocol and spending hundreds of millions of pounds on helping traders. Under this finely balanced arrangement, our EU friends agreed that Northern Ireland—this is a crucial point—would remain part of the customs territory of the United Kingdom, able to benefit from free trade deals with other countries, which we are now beginning to strike. It ensures that the majority of goods not at risk of travelling to the EU—and that is the majority of goods going from GB to Northern Ireland—do not have to pay tariffs.”

However, that said:

“in recent months the EU has suggested that it is willing to go to extreme and unreasonable lengths, using the Northern Ireland protocol in a way that goes well

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beyond common sense simply to exert leverage against the UK in our negotiations for a free trade agreement. To take the most glaring example, the EU has said that if we fail to reach an agreement to its satisfaction, it might very well refuse to list the UK's food and agricultural products for sale anywhere in the EU. It gets even worse, because under this protocol, that decision would create an instant and automatic prohibition on the transfer of our animal products from Great Britain to Northern Ireland. Our interlocutors on the other side are holding out the possibility of blockading food and agricultural transports within our own country."

"It is such an extraordinary threat, and it seems so incredible that the EU could do this, that we are not taking powers in this Bill to neutralise that threat, but we obviously reserve the right to do so if these threats persist".

"In addition to the potential blockade on agricultural goods, there are other avenues that the EU could explore if it is determined to interpret the protocol in absurd ways, and if it fails to negotiate in good faith. We must now take a package of protective powers in the Bill, and subsequently.

For example, there is the question of tariffs in the Irish sea. When we signed the protocol, we accepted that goods "at risk" of going from Great Britain into the EU via Northern Ireland should pay the EU tariff as they crossed the Irish sea—we accepted that—but that any goods staying within Northern Ireland would not do so. The protocol created a joint committee to identify, with the EU, which goods were at risk of going into Ireland. That sensible process was one achievement of our agreement, and our view is that that forum remains the best way of solving that question.

I am afraid that some in the EU are now relying on legal defaults to argue that every good is "at risk", and therefore liable for tariffs. That would mean tariffs that could get as high as 90% by value on Scottish beef going to Northern Ireland, and moving not from Stranraer to Dublin but from Stranraer to Belfast within our United Kingdom. There would be tariffs of potentially more than 61% on Welsh lamb heading from Anglesey to Antrim, and of potentially more than 100% on clotted cream moving from Torrridge—to pick a Devonshire town at random—to Larne. That is unreasonable and plainly against the spirit of that protocol.

The EU is threatening to carve tariff borders across our own country, to divide our land, to change the basic facts about the economic geography of the United Kingdom and, egregiously, to ride roughshod over its own commitment under article 4 of the protocol, whereby "Northern Ireland is part of the customs territory of the United Kingdom."



We cannot have a situation where the boundaries of our country could be dictated by a foreign power or international organisation. No British Prime Minister, no Government, and no Parliament could ever accept such an imposition.”

At all stages the Government must ensure that it has the ability to uphold its commitments to the people of Northern Ireland. It is, therefore, right that, through the UKIM Bill, the UK takes limited and reasonable steps to clarify certain elements of the Northern Ireland Protocol in domestic legislation. These steps include:

- implementing the provision in the Northern Ireland Protocol that NI is fully part of the UK’s customs territory, by ensuring there are no tariffs on goods remaining within the UK customs territory;
- ensuring that businesses based in NI have true unfettered access to the rest of the United Kingdom, without paperwork; and
- ensuring that there is no legal confusion about the fact that, while NI will remain subject to the EU’s State Aid regime for the duration of the Protocol, Great Britain will not be subject to EU rules in this area.

These measures will allow the UK to continue to implement the protocol in a responsible way that avoids inadvertent problems.

I note that a number of local residents have raised their concerns with me that the Government is deliberately breaking international law, and I would like to assure you that the measures in the Bill do not prevent Ministers from complying with the requirements in the Northern Ireland Protocol. Instead, as I have already mentioned, they give Ministers the power to ensure that the protocol is implemented in such a way that it does not compromise the Good Friday Agreement, and to ensure that there is no way that bad legal effects can come in which were never intended by the original framers of the protocol.

Furthermore, as the Prime Minister explained on Monday:

“If the powers were ever needed, Ministers would return to this House with a statutory instrument on which a vote—perhaps this is the question to which the hon. Gentleman is awaiting an answer—would be held. We would simultaneously pursue every possible redress—to get back to the point I was making to my hon. Friend the Member for Bromley and Chislehurst (Sir Robert Neill)—under international law, as provided for in the protocol.

In addition to our steps in domestic law, if we had to make clear that we believed the EU was engaged in a material breach of its duties of good faith, as required

Jane Hunt MP



House of Commons

and provided for under the withdrawal agreement and the Vienna convention on the law of treaties, we would seek an arbitration panel and consider safeguards under article 16 of the protocol.

It is a question not of if we meet our obligations, but of how we fulfil them. We must do so in a way that satisfies the fundamental purpose of the protocol, the Belfast Good Friday agreement and the constitutional position of Northern Ireland. We will work with the EU on all of these issues. Even if we have to use these powers, we will continue to engage with the joint committee so that any dispute is resolved as quickly and as amicably as possible, reconciling the integrity of the EU single market with Northern Ireland's place in the UK's customs territory."

Finally, it is also not the case that the UK signed up to an agreement with the EU with the intention of breaking it. The Government signed up to the protocol in the belief that the important areas left to the Joint Committee would be resolved satisfactorily in 2020. That may yet happen but, unfortunately, while both the UK and EU negotiating teams have worked at pace, we have now reached the point where - because differences remain on a number of key issues - the Government has to consider sensible fall-back options to ensure the communities of Northern Ireland are protected if agreement is not in place by the end of the Transition Period. The Government has committed to continuing to work with the EU in the Joint Committee to resolve these issues. However, as a responsible Government, it cannot allow the peace process or other essential parts of Government business to inadvertently be compromised by unintended consequences of the protocol.

I hope that this information provides clarity on why the Bill is necessary and my position on the matter.

Yours sincerely,

A handwritten signature in blue ink that reads "Jane".

Jane Hunt MP