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Mr Clive Betts MP  
Chair, Housing, Communities and  
Local Government Committee  
House of Commons  
London  
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4 February 2019

*Dear Clive,*

**Evidence session on Business Rates and the High Street: State aid**

I am writing in reply to your letter of 17 January to my Right Honourable friend Mel Stride, and further to his response of 28 January. You asked whether State aid rules will continue to apply if the UK leaves the European Union (EU). I am grateful for the opportunity to update you on the Government's position in this regard.

As the UK prepares to leave the EU, Government intends to establish a domestic State aid regime to help maintain fair and open competition throughout the UK. In order for this regime to be in place by 29 March, in the event the UK leaves the EU without a deal, the Government laid the draft State aid (EU Exit) Regulations 2019 in Parliament on 21 January.

The overall effect of these Regulations is to transpose the EU State aid regime, as set out in Article 107 and 108 of the Treaty on the Function of the European Union (TFEU), into UK law and give the Competition and Markets Authority (CMA) the function of regulating the regime in place of the European Commission. This will ensure continuity and certainty for aid givers and beneficiaries.

In the event of a deal, under the terms of the Withdrawal Agreement with the EU, the UK would continue to apply the EU State aid rules during the Implementation Period after EU exit and the European Commission would be responsible, as now, for approving and monitoring aid.

I am copying this letter to the Rt Hon Mel Stride, Financial Secretary to the Treasury.

**KELLY TOLHURST MP**

Minister for Small Business, Consumers and Corporate Responsibility