



HOUSE OF LORDS

European Union Committee

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Rt Hon David Davis MP
Secretary of State for Exiting the European Union
9 Downing Street
London, SW1A 2AS

1 March 2018

Dear Secretary of State

Brexit: Overseas Territories

We note your response, dated 19 February 2018, to the Committee's letter of 13 September 2017 on *Brexit: Overseas Territories*.

While we welcome your apologies for the delay in responding, we fear that the lateness of the response, combined with the lack of detail in the reply, will do little to reassure the Overseas Territories that you are, as you claim, taking seriously the issues raised by them and actively considering their interests during the negotiation preparations.

We recognise that it is too early in the negotiations to determine the future relationship between the Overseas Territories and the EU, and the potential future scope, depth and terms of the Territories' future access to the EU Single Market. Nevertheless, we are disappointed at your lack of engagement with or acknowledgement of a number of the detailed questions set out in our letter.

In relation to EU funding, you fail to respond to our question regarding the extension of the Darwin Plus initiative to address the shortfall in funding to support biodiversity. In relation to the potential continuation of EDF funding after 2020, you give no indication of the Government's approach, but simply state that "after we leave the EU we will need to consider how best to continue to deliver our policy objectives in this area".

In relation to trade with the EU, you make only a passing reference to financial services, and provide no reply to our question about the steps that the UK will take to support the Overseas Territories in their discussions with the EU about financial services cooperation, equivalence and related matters, including best practice and transparency.

On relations with EU and neighbouring territories, you fail to mention or respond to our question regarding Anguilla's concerns about its relations with its neighbouring territories, nor the cooperation of other Overseas Territories with their neighbouring territories in relation to the travel and healthcare needs of their citizens.

While you welcome the Overseas Territories' observations on the opportunities arising from Brexit, you do not engage in any substantive way with our questions about involving the Overseas Territories in negotiations on trade agreements with non-EU states.

On the Overseas Territories and the Brexit negotiations, we note that, while you emphasise the positive feedback (albeit citing Premier Romeo of Montserrat rather than the Pitcairn Islands), you do not engage with the concerns that have been raised, beyond noting them.

We have passed on your letter to the Overseas Territories and invited their views. The Falkland Islands have already replied. They welcome confirmation that the UK will remain party to the EDF until 2020. They also state that anything other than retention of the Falkland Islands' current tariff/ quota free access to EU markets for their fisheries and meat products would have a detrimental impact on the income of the Falkland Islands' Government and the wider economy. They ask for clarification of whether the Falkland Islands will be included in any final deal between the UK and EU, and whether they will be included, or have the opportunity to be included, in any future trade deals the UK negotiates with countries outside the EU. They state that, in the event of a 'no deal' outcome, the Falkland Islands would expect to receive financial adjustment from the UK, in particular to help industry adapt in the short to medium term. With regard to your statement that leaving the EU "does not change the position on UK sovereignty of the Overseas Territories", the Falkland Islands ask if this is a guarantee of the EU's continued recognition, post-Brexit, of the Falkland Islands' status as an Overseas Territory of the UK. We will communicate to you further feedback from the other Overseas Territories as and when they are received.

In light of the weakness of the response, we would be grateful for a more considered reply to our letter, including to the specific points outlined in this letter, and the concerns raised by the Falkland Islands, by **27 March 2018**.

Yours sincerely,

Tim Boswell

Lord Boswell of Aynho
Chairman of the European Union Committee