



HOUSE OF LORDS

European Union Committee

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Rt Hon. Dominic Raab MP
Secretary of State for Exiting the European Union
Department for Exiting the European Union
9 Downing Street
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31 October 2018

Robin Walker MP
Parliamentary Under-Secretary
Department for Exiting the European Union
9 Downing Street
London, SW1A 2AS

Dear Secretary of State and Minister Walker,

ENGAGEMENT WITH THE DEVOLVED ADMINISTRATIONS, GIBRALTAR, OVERSEAS TERRITORIES AND CROWN DEPENDENCIES

Thank you for your letter, dated 12 October 2018, providing notification of the publication of the fourth tranche of technical notices on the UK's preparations for a no deal Brexit. The House of Lords European Union Sub-Committees have been invited to scrutinise the technical notices falling within their respective remits. This letter concerns the technical notice, published on 12 October 2018, on *Funding for British Overseas Territories if there's no Brexit deal*, which falls within the European Union Select Committee's remit. It also responds to the letter from Minister Walker, dated 25 October 2018, addressing concerns raised by the Government of Anguilla. These documents were considered by the Committee at its meeting on 30 October 2018.

We welcome the Government's commitment to guarantee funding for specific EU projects up to the end of 2020, including those involving Overseas Territories governments and organisations. Can you clarify if this document simply restates existing commitments, or if it contains any new commitments? Can you provide more information on the approximate budgetary scale of the funding guarantee, so far as is known at this point, in relation to the Overseas Territories?

We sought the views of the governments of the Overseas Territories on the technical notice, and we draw to your attention the attached letters from the Governments of Gibraltar and the British Virgin Islands. As these letters demonstrate, and as the governments of other Overseas Territories have consistently made clear to us, they derive considerable benefit from receipt of EU funding and there remains considerable uncertainty about the impact of a loss of EU funding beyond the terms and timescale of the UK Government's guarantee. What update can you give us on your planning for post-2020 funding, and your discussions with the governments of the Overseas Territories on this point? Can you give a commitment that a new UK programme for the sustainable development of OTs will be ready to be launched in January 2021 so that the gap between EU and UK support is seamless?

The document states that the guarantee covers successful bids where Overseas Territory organisations are able to participate as a third country in competitive grant programmes from exit day until 2020, if the Commission agrees that the Overseas Territories are eligible to participate from exit day until the end of 2020 in a particular programme. What discussions with the Commission have you had on this point and on the wider participation of Overseas territories in EU programmes and funding? Has the Commission expressed any view on this?

You state that financial interest subsidies and technical assistance through the European Investment Bank Overseas Countries and Territories Investment Facility are not covered by this guarantee. Yet, as the Government of the British Virgin Islands makes clear, this facility has allowed a number of Overseas Territories to finance projects at concessionary rates and provide affordable credit to their SMEs. Why does the Government's guarantee not cover this investment facility, and what are the financial implications?

The Government of Gibraltar has told us that advanced discussions on a European Investment Bank loan in relation to investment in Gibraltar's energy and waste water sector have been frozen since the referendum. What is your response to the Government of Gibraltar's request for UK Government support for securing Gibraltar's access to an EIB loan for such essential investments? More broadly, will you support the Overseas Territories in their efforts to establish an Overseas Investment Facility similar to the EIB facility? Alternatively, will there be an opportunity for the Overseas Territories to continue to secure access to European Investment Bank funding? In that context, we draw to your attention that the Financial Affairs Sub-Committee is currently undertaking an inquiry into the UK's future relationship with the European Investment Bank.

More broadly, the Overseas Territories remain concerned at the lack of clarity as regards their future relationship with the EU. We welcome your continued commitment to involve the Overseas Territories fully in the Brexit negotiations and to ensure that their priorities are taken into account. We also note your commitment to setting out details of the special arrangements to be negotiated after the conclusion of the Withdrawal Agreement, to form part of the agreement on the future UK-EU partnership. In that context, we are grateful for the comprehensive response to the concerns of the Government of Anguilla that we previously brought to your attention, and for your specific commitment to address the concerns of Anguilla, as well as the other Overseas Territories. We have received a response to your letter from the Government of Anguilla (attached), and urge you to continue your dialogue with them in addressing the concerns they have raised. We note the importance of the UK-OT Joint Ministerial Council in London in December in the context of this dialogue, and urge you to keep us updated on these discussions in the run-up to that meeting.

In view of his ministerial responsibilities for relations with the Overseas Territories, we have copied this letter to Lord Ahmad of Wimbledon, Minister of State for the Commonwealth and the UN, Foreign and Commonwealth Office.

We would be grateful for a response to this letter by 14 November 2018.

Yours sincerely,

Tim Boswell

Lord Boswell of Aynho
Chairman of the European Union Committee