26 March 2018

Dear Lord Boswell,

I am grateful for the Committee’s response to my correspondence of 19 February 2018 entitled Brexit: Overseas Territories, and welcome the Committee’s commitment to providing assurances for UK Overseas Territories during the negotiation preparations. I am sorry that my original reply has not satisfied your Committee in terms of detail or timeliness. As you will appreciate, many of these issues are still subject to the outcome of negotiation.

I reiterate the Government’s firm commitment to involving the Overseas Territories in the negotiations and preparations for Exit, and ensuring their interests are properly taken into account. We are doing this through official-level engagement and, as mentioned in our 19th February letter, the UK–Overseas Territories Joint Ministerial Council on European Negotiations (JMC–OT EN), which is chaired by my Parliamentary Under Secretary of State, Robin Walker MP, and will meet in June this year for the fourth time. This joint work has been reflected in the EU Commission’s draft Withdrawal Agreement text which is clear that the Overseas Territories will also benefit from the certainty provided by the Implementation Period.

Access to EU Funding
You raised the possible extension of the UK’s Darwin Plus initiative to address the expected shortfall in funding to support biodiversity after the Overseas Territories are no longer eligible to apply for BEST funding. The UK Government recognises that we are custodians of globally significant biodiversity in the UK’s Overseas Territories, which support unique ecosystems. In the 25 Year Environment Plan we commit to continuing our work on the Darwin Plus fund, which since 2012 has awarded nearly £11 million to 70 environmental projects in the Overseas Territories. Each year we review how this fund operates, to make sure it is delivering our objectives as effectively as possible. We are aware of the value which some of the Overseas Territories attach to the BEST funding they receive from the EU.

On EDF funding, the UK will remain party to the 11th EDF and all previous EDFs, and the European Commission has confirmed that the Overseas Territories shall benefit from these Funds until their closure.
After we leave the EU, we will want to take our own decisions about how to deliver the policy objectives previously targeted by BEST and other EU funding. The UK government will take account of the impact of EU Exit on the Overseas Territories, to ensure that we support the Overseas Territories in achieving sustainable public finances.

Trade and Financial Services
The Committee asks about the support the UK is giving to the Overseas Territories in their discussions with the EU about financial services cooperation, equivalence and related matters, including best practice and transparency. As the Committee acknowledges in its letter, negotiations are not yet at a stage to discuss the Overseas Territories' potential future access to the EU Single Market. Before that time, it is obviously important that the Overseas Territories continue to have productive discussions with the EU on financial services co-operation, equivalence and best practice. In this way, Bermuda has already obtained equivalence under Solvency II and has successfully established itself as a global re-insurance hub. Her Majesty's Treasury have encouraged the Overseas Territories to seek greater representation for themselves in relevant fora where appropriate and will continue to consider with colleagues in the Foreign and Commonwealth Office how the Overseas Territories' voices can be heard internationally.

Freedom of Movement and Relations with Neighbouring Territories
There are various factors affecting the border and immigration arrangements between Anguilla, French Saint Martin (an outermost region of the EU), and Dutch Sint Maarten (an overseas country and territory of an EU member state). The Home Office and the Foreign and Commonwealth Office are working with Anguilla to improve the Government's collective understanding of the impact of EU exit on those arrangements and the risks resulting, including determining which arrangements have a basis in EU law and which arise from decisions by the Anguillan and Saint Martinian authorities. The Home Office remains committed to engaging with Anguilla and other Overseas Territories on this matter.

On healthcare co-operation, the Department for Health and Social Care is in frequent communication with colleagues in Anguilla about the potential impact on visiting medical personnel, laboratory access and on some pharmacy supplies and is working closely with their Chief Medical Officer and the Governor's Office to ensure continued cooperation.

Opportunities arising from Brexit
The UK Government is fully committed to involving the Overseas Territories as we prepare for exiting the EU and establishing new trading relations with the world, in order to ensure their priorities and interests are taken into account. The Government understands the concerns of the Government's of the Falkland Islands and Tristan da Cunha over the potential consequences of losing their current non-reciprocal tariff-free access to the EU's Goods market for their fish and meat industries. We are talking to the Overseas Territories about how best to address their concerns in the future.

The UK Government will also consider options through which UK Overseas Territories could benefit from future UK Free Trade Agreements with Third Countries.
The UK is in no doubt about its sovereignty of its Overseas Territories and leaving the EU does not change this.

I welcome your Committee's interest in the implications of exit for the UK's Overseas Territories and the Government stands ready to continue to update the Committee as negotiations develop.

RT HON DAVID DAVIS MP
SECRETARY OF STATE FOR EXITING THE EUROPEAN UNION